

# STRATWEALTH

SEC #801-61179

ADV Part 2A, Firm Brochure

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This Brochure provides information about the qualifications and business practices of Strategic Wealth Management Group, LLC d/b/a StratWealth. If you have any questions about the contents of this Brochure, please contact us at [jgriesser@strat-wealth.com](mailto:jgriesser@strat-wealth.com) or 410-988-9494. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about StratWealth also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to StratWealth as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## **Item 2           Material Changes**

Since the March 26, 2016 Annual Amendment filing, this ADV Part 2A, Firm Brochure has been materially amended at Item 12 to disclose the additional benefits StratWealth is currently receiving from Charles Schwab and Co., Inc. Please refer to Item 12 form more detail. Also, while not a material change, this ADV Part 2A has been amended throughout since that time to reflect that James Griesser has succeeded Shaun Eddy as the Chief Compliance Officer of StratWealth.

There have been no material changes made to this ADV Part 2A, Firm Brochure since the February 11, 2017 Annual Amendment filing. However, it has been amended since that time to make disclosure additions and enhancements, including at Items 4, 5, and 7 regarding retirement rollovers, mutual funds, and advisory fees.

**ANY QUESTIONS: StratWealth’s Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client has about the changes described above or any other aspect of this Brochure.**

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#### **Item 4            Advisory Business**

- A. Strategic Wealth Management Group, LLC, d/b/a StratWealth (the “Registrant”) is a limited liability company formed on February 14, 2001 in the State of Maryland. The Registrant became registered with the Securities and Exchange Commission on May 17, 2002. The Registrant is owned by James Griesser, James Eichelberger, Gary Desjardins and Jennine LaCroix. However, none of those individuals own 25% or more of the Registrant, and are therefore not considered “principal owners” for the purposes of this ADV Part 2A, Firm Brochure.
- B. As discussed below, the Registrant offers to its clients (individuals, high net worth individuals, pension & profit sharing plans, charitable organizations, and corporations or other businesses) investment advisory services, financial planning and consulting services, and retirement plan consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The client can engage the Registrant to provide discretionary or non-discretionary investment advisory services on a fee basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under management. Before engaging the Registrant to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

Registrant’s annual investment advisory fee shall include investment advisory services, and limited financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services pursuant to a stand-alone Financial Planning and Consulting Agreement (see below).

The Registrant provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. Then, the Registrant will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. The Registrant primarily allocates or recommends that clients allocate investment assets among: exchange-listed securities, mutual funds, individual bonds, bond funds, exchange traded funds (“ETFs”), independent managers/separate account managers, and certificates of deposit on a discretionary or non-discretionary basis in accordance with the client’s designated investment objective(s). Once allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives and may execute or recommend execution of account transactions based upon such reviews.

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent requested by a client, the Registrant may also provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis.

Before engaging the Registrant to provide stand-alone planning or consulting services, clients are required to enter into a Financial Planning and Consulting Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client before Registrant commences services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant.

### **RETIREMENT PLAN CONSULTING SERVICES**

The Registrant also provides non-discretionary retirement plan consulting services, pursuant to which it assists sponsors of self-directed retirement plans and defined benefit plans with the selection and/or monitoring of investment alternatives from which plan participants may choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, the Registrant may also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement between the Registrant and the plan sponsor shall be set forth in a Retirement Plan Services Agreement.

### **MISCELLANEOUS**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** To the extent requested by the client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Registrant does not serve as a law firm or accounting firm, and no portion of its services should be construed as legal or accounting services. Accordingly, Registrant does not prepare estate planning documents or tax returns. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including through the Registrant as an insurance producer as described in Items 5.E. and 10.C. below. The client is under no obligation to engage those services. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant and/or its representatives. **Please Note:** If the client engages any recommended professional on a separate and individual basis, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note-Conflict of Interest:** The recommendation by Registrant's representative that a client purchase an insurance commission product through Registrant presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any insurance commission products through Registrant. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non-affiliated insurance agencies. **Registrant's Chief Compliance Officer, James Griesser remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Non-Discretionary Service Limitations** Clients that determine to engage Registrant on a non-discretionary investment advisory basis **must be willing to accept** that Registrant cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event that Registrant would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, the Registrant will be unable to effect the account transaction(s) (as it would for its discretionary clients) **without first obtaining the client's consent.**

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant's previous recommendations and/or services.

**Independent Managers.** The Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) shall have day-to-day responsibility for the active discretionary management of the allocated assets according to the terms and conditions of a separate agreement executed between the client and the Independent Manager(s). The Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. The Registrant considers the following factors when recommending Independent Manager(s): the client's designated investment objective(s); management style; performance; reputation; financial strength; reporting; pricing; and research. **The investment management fee charged by the Independent Manager(s) is separate from, and in addition to, Registrant's advisory fee as set forth in Item 5.**

**Margin Accounts.** The Registrant does not recommend the use of margin. However, should a client determine to use margin, the Registrant will include the entire market value of the margined assets when computing its advisory fee. Accordingly, the Registrant's fee shall be based upon a higher margined account value, resulting in the Registrant earning a correspondingly higher advisory fee. As a result, the potential of conflict of interest arises since the Registrant may have an economic disincentive to recommend that the client terminate the use of margin. **The Registrant's Chief Compliance Officer, James Griesser, remains available to address any questions regarding the above.**

**eMoney Advisor Platform and ByAllAccounts.** Registrant may provide its clients with access to an online platform hosted by "eMoney Advisor" ("eMoney"). The eMoney platform allows a client to view their complete asset allocation, including those assets that Registrant does not manage (the "Excluded Assets"). The Registrant may also provide periodic comprehensive reporting services in conjunction with the services provided by ByAllAccounts, Inc., which can incorporate all of the client's investment assets including Excluded Assets. Registrant does not provide investment management, monitoring, or implementation services for the Excluded Assets. Unless otherwise specifically agreed to, in writing, Registrant's service relative to the Excluded Assets is limited to reporting only. Therefore, Registrant shall not be responsible for the

investment performance of the Excluded Assets. **Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not Registrant, shall be exclusively responsible for such investment performance.**

Without limiting the above, the Registrant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. The client may choose to engage Registrant to manage some or all of the Excluded Assets pursuant to the terms and conditions of an Investment Advisory Agreement between Registrant and the client. The eMoney platform also provides access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by Registrant. Finally, Registrant shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without Registrant's assistance or oversight.

**Disclosure Statement.** A copy of the Registrant's written Brochure as set forth on Part 2 of Form ADV shall be provided to each client before, or contemporaneously with, the execution of the applicable form of client agreement.

**Retirement Plan Rollovers – No Obligation / Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn a new (or increase its current) advisory fee as a result of the rollover. To the extent that Registrant recommends that clients roll over assets from their retirement plan to an IRA managed by Registrant, then Registrant represents that it and its investment adviser representatives are fiduciaries under the Employee Retirement Income Security Act of 1974 ("ERISA"), or the Internal Revenue Code, or both. **No client is under any obligation to roll over retirement plan assets to an account managed by Registrant. Registrant's Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

**ERISA / IRC Fiduciary Acknowledgment.** If the client is: (i) a retirement plan ("Plan") organized under ERISA; (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an IRA acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then the Registrant represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by the Registrant or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

**Use of Mutual Funds.** While the Registrant may recommend allocating investment assets to mutual funds that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publically-available mutual funds that the client could obtain without engaging Registrant as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds without engaging Registrant as an investment adviser, the client or prospective client would not receive the benefit of Registrant's initial and ongoing investment advisory services.

**Fee Differentials / Conflict of Interest.** As indicated below, Registrant shall price its services based upon various objective and subjective factors. In certain circumstances, Registrant, in its sole discretion, may charge a different fee (higher or lower) to its clients based upon certain criteria such as: the market value of the assets under management, the complexity of the engagement, the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, similarly situated clients could pay different fees, and the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. **Registrant's Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client may have regarding advisory fees.**

**Portfolio Activity.** Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, mutual fund manager tenure, style drift, and/or a change in the client's investment objectives. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s).

- C. The Registrant provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2016, the Registrant had \$788,976,608 in assets under management on a discretionary basis and \$246,354,557 in assets under management on a non-discretionary basis.

## Item 5 Fees and Compensation

### A. INVESTMENT ADVISORY SERVICES

The client can engage the Registrant on a negotiable fee-only basis to provide discretionary and/or non-discretionary investment advisory services including limited financial planning and consulting services. The negotiable annual fee is based upon a percentage (%) of the total market value and type of assets placed under management, generally between 0.25% and 1.50%. As indicated in Item 4 above, Registrant shall price its services based upon various objective and subjective factors. In certain circumstances, Registrant, in its sole discretion, may charge a different fee (higher or lower) to its clients based upon certain criteria such as: the market value of the assets under management, the complexity of the engagement, the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, similarly situated clients could pay different fees, and the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. Registrant's Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client may have regarding advisory fees.

### FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

The Registrant may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's financial planning and consulting fees are negotiable, but generally range from \$2,500 to \$10,000 on a fixed fee basis, and \$250 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

### RETIREMENT PLAN CONSULTING SERVICES

The Registrant also provides non-discretionary retirement plan consulting services, pursuant to which it assists sponsors of self-directed retirement plans and defined benefit plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. The terms and conditions of the engagement shall generally be set forth in a Retirement Plan Services Agreement between the Registrant and the plan sponsor. The Registrant charges a negotiable annual fee for retirement plan consulting services, which generally ranges from 0.10% to 1.50% of plan assets depending on the level and scope of services requested, and the size of the plan.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that advisory fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab and Co., Inc., an SEC registered, FINRA and SIPC member broker-dealer ("Schwab") to serve as the broker-dealer/custodian for client investment advisory assets. Broker-dealers

such as Schwab charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment advisory fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and ETF purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). The fees charged by Schwab, as well as the charges imposed at the mutual fund and exchange traded fund level, are in addition to Registrant's advisory fee referenced in Item 5 below.

- D. The Registrant's annual investment advisory fee is prorated and paid quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter. The Registrant generally does not require a minimum annual investment advisory fee. The Registrant, in its sole discretion, may reduce its investment advisory fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, familial relationship, dollar amount of assets to be managed, related accounts, account composition, etc.). Upon termination of the Investment Advisory Agreement or the Retirement Plan Services Agreement, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter. If the Financial Planning and Consulting Agreement is terminated before the Registrant presents the financial plan to the client: the Registrant will refund any unearned, pre-paid portion of the fee that was advanced by the Client; or the Registrant will bill the client directly for outstanding fees incurred for services rendered.
- E. **Insurance Commission Transactions.** Upon request, clients may engage the Registrant to purchase equity indexed annuities on a commission basis. The commissions charged by Registrant may be higher or lower than those charged by other licensed insurance producers.
1. **Conflict of Interest:** The recommendation that a client purchase an equity indexed annuity on a commission basis presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. **Registrant's Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
  2. **Please Note:** Clients may purchase equity indexed annuities or other products recommended by Registrant through other, non-affiliated broker-dealers, agencies or agents.
  3. Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of equity indexed annuities or insurance commission products Registrant recommends to its clients.
  4. When Registrant's representatives sell an insurance product on a commission basis, Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Registrant's representatives do not also receive commission compensation

for such advisory services. **However**, a client may engage Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis.

## **Item 6            Performance-Based Fees and Side-by-Side Management**

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## **Item 7            Types of Clients**

The Registrant's clients shall generally include: individuals, high net worth individuals, pension & profit sharing plans, charitable organizations, and corporations or other businesses. The Registrant generally does not require a minimum annual investment advisory fee. The Registrant, in its sole discretion, may reduce its investment advisory fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, familial relationship, dollar amount of assets to be managed, related accounts, account composition, etc.). As indicated in Item 4 above, Registrant shall price its services based upon various objective and subjective factors. In certain circumstances, Registrant, in its sole discretion, may charge a different fee (higher or lower) to its clients based upon certain criteria such as: the market value of the assets under management, the complexity of the engagement, the level and scope of the overall investment advisory and/or consulting services to be rendered. **Please Note:** As a result of these factors, similarly situated clients could pay different fees, and the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. **Registrant's Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client may have regarding advisory fees.**

## **Item 8            Methods of Analysis, Investment Strategies and Risk of Loss**

A. The Registrant may utilize the following methods of security analysis:

- **Charting** – analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices;
- **Fundamental** – analysis performed on historical and present data, with the goal of making financial forecasts; and
- **Technical** – analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of price.

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- **Long Term Purchases** – securities held at least a year; and
- **Short Term Purchases** – securities sold within a year.

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s). While markets may increase and client account values could benefit as a result, it is also possible that markets may decrease and such account values could suffer a loss. It is therefore important that clients understand investment risks, diversification strategies, and ask Registrant any questions they may have before making any investment decisions.

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C. Currently, the Registrant primarily allocates or recommends that clients allocate investment assets among: exchange-listed securities, mutual funds, bonds, ETFs, independent managers/separate account managers, and certificates of deposit on a discretionary or non-discretionary basis in accordance with the client's designated investment objective(s).

## **Item 9           Disciplinary Information**

The Registrant has not been the subject of a disciplinary action.

## **Item 10          Other Financial Industry Activities and Affiliations**

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

- C. **Licensed Insurance Producer.** Registrant is a Registered Insurance Producer in the State of Maryland that may receive commission payments from the sale of insurance products. Also, as indicated in Item 4B above, certain of Registrant's investment adviser representatives/related persons are, in their individual capacities, licensed insurance agents who may recommend the purchase of certain insurance-related products and may be engaged to effect such transactions on a commission basis.

**Conflict of Interest:** The recommendation by Registrant's representatives that a client purchase an insurance commission product presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any insurance commission products from Registrant's investment adviser representatives. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non-affiliated insurance agents. **The Registrant's Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. The Registrant does not recommend or select other investment advisors for its clients for which the Registrant receives compensation.

## **Item 11            Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed before those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons." The Registrant's securities transaction policy requires that Access Person of the Registrant must provide the Chief Compliance Officer or a designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Furthermore, Access Persons must provide the Chief Compliance Officer with a quarterly transaction report, detail all trades in the Access Person's account during the previous quarter; and on an annual basis, each Access Person must provide the Chief Compliance Officer with a written report of the Access Person's current securities holdings. However, at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12            Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment advisory accounts be maintained at Schwab. Before engaging Registrant to provide investment advisory services, the client will be required to enter into a formal Investment Advisory Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending Schwab (or another broker-dealer/custodian) to clients include: historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment advisory fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Non-Soft Dollar Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from Schwab (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, or mutual fund sponsor) without cost (or at a discount) support services or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. The support services that Registrant may obtain could include: investment-related research; pricing information and market data; software and other technology that provide access to client account data; compliance and/or practice management-related publications; discounted or gratis consulting services; discounted or gratis attendance at conferences meetings, and other educational and/or social events; marketing support; computer hardware or software; or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services or products that may be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at a Schwab or another broker-dealer/custodian as a result of these arrangements. There is no corresponding commitment made by the Registrant to any broker-dealers/custodians or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements.

**The Registrant's Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding perceived conflict of interest such arrangements may create.**

Schwab Advisor Services

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like the Registrant. Schwab Advisor Services provides Registrant and its clients with access to its institutional brokerage –trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help Registrant manage or administer its clients' accounts while others help Registrant manage and grow its business. Schwab may also provide monetary assistance to Registrant to defray certain costs related to towards certain technology, compliance, legal, business consulting and other related expenses. Schwab's support services are generally available on an unsolicited basis (Registrant does not have to request them) and at no charge to Registrant as long as it maintains a total of at least \$50 million of its clients' assets in accounts at Schwab. Currently, Schwab is also providing technology support to Registrant valued at approximately \$48,000 per year, with the expectation (though not the express agreement or contingency) that Registrant will continue to maintain at least \$825 million in client assets under management that will be custodied with Schwab. Registrant currently anticipates this approximately \$48,000 in technology support will be used for the "Salesforce" client relationship management system and the "Orion" portfolio management system. Registrant plans to use both systems to help

manage client relationships and assets. However, the technology support may also be used for other applications moving forward.

In other cases, Schwab may choose to make charitable donations to unaffiliated non-profit organizations upon Registrant's request. The following is a more detailed description of Schwab's support services.

#### Schwab Advisor Services that Benefit the Client

Schwab's services described in this paragraph generally benefit clients and client accounts, but may also benefit the Registrant as well. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which Registrant might not otherwise have access or that would require a significantly higher minimum initial investment by its clients.

In this respect, Schwab has agreed to make a mobile application available to Registrant's clients, which is provided by Performance Technologies, Inc. d/b/a Schwab Performance Technologies. This mobile application is for Apple® and Android™ mobile devices, which is branded for the Registrant and includes such functions as: "Advisor News," consisting articles or other content generated by the Registrant; a mobile check deposit function; an "Account View" feature that clients can use to view their accounts managed by Registrant and maintained with Schwab; a "Schwab Market Update" feature that displays general market news and commentary; and links to Registrant's website. Schwab has agreed to waive its \$5,000 one-time set up fee to Registrant for the mobile application. However, there is no guarantee that Schwab will waive any future fees that would be payable by Registrant with respect to the mobile application.

#### Schwab Advisor Services that May Not Directly Benefit the Client

Schwab also makes available to Registrant other products and services that benefit Registrant but may not directly benefit its clients or its clients' accounts. These products and services assist Registrant in managing and administering its clients' accounts. Such products and services may include investment research, both Schwab's own and that of third parties. Registrant may use this research to service all or some substantial number of its clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that: provides access to client account data (such as duplicate trade confirmations and account statements); facilitates trade execution and allocates aggregated trade orders for multiple client accounts; provides pricing and other market data; facilitates payment of Registrant's fees from clients' accounts; and assists with back-office functions, recordkeeping and client reporting. Finally, as indicated above, Schwab is currently providing technology support to Registrant valued at approximately \$48,000 per year, with the expectation (though not the express agreement or contingency) that Registrant will continue to maintain at least \$825 million in client assets under management that will be custodied with Schwab. Registrant currently anticipates this approximately \$48,000 in technology support will be used for the "Salesforce" client relationship management system and the "Orion" portfolio management system. Registrant plans to use both systems to help manage client relationships and assets. However, such technology support may also be used for other applications moving forward.

#### Schwab Advisor Services that Generally Benefit Only Registrant

Schwab also offers other services intended to help Registrant manage and further develop Registrant's business enterprise. These services include: educational conferences and events; technology, compliance, legal, and business consulting; publications and conferences on practice management and business succession; and access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to Registrant. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide Registrant with other benefits such as occasional business entertainment of Registrant's personnel.

#### Conflict of Interest

The availability of the services from Schwab described above benefit Registrant because it does not have to produce or purchase them. Registrant does not have to pay for Schwab's services so long as it: generally maintains a total of at least \$50 million of client assets in accounts at Schwab; and with respect to the approximately \$48,000 for technology expenses, with the expectation (though not the express agreement or contingency) that Registrant will continue to maintain at least \$825 million in client assets under management that will be custodied with Schwab. Beyond that, these services are not contingent upon Registrant committing any specific amount of business to Schwab in trading commissions or assets in custody.)

However, the \$50 million and \$825 million minimums may give Registrant an incentive to suggest that clients maintain their account with Schwab as broker-dealer / custodian based on Registrant's interest in receiving Schwab's services that benefit Registrant's business rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of transactions. This creates a **conflict of interest**. Registrant may believe, however, that its selection of Schwab as custodian and broker is in the best interests of its clients based upon the factors discussed above.

Based on the value of Registrant's assets under management as reported above under Item 4.E., and the amount of its client assets currently custodied at Schwab, the Registrant does not believe that: maintaining at least \$50 million of assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest; nor does the expectation (but not requirement) that Registrant maintain approximately \$825 million in client assets at Schwab presents a material conflict of interest (especially because the approximately \$48,000 benefit is not expressly contingent upon Registrant maintaining any specific level of its clients' assets with Schwab).

**The Registrant's Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the related conflicts of interest.**

2. The Registrant does not receive referrals from broker-dealers.

3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to “batch” the client’s transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client’s accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. . **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**The Registrant’s Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment advisory services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13            Review of Accounts**

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant’s principals or investment adviser representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant may conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

- C. Clients are provided, at least quarterly, with written and/or electronic transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

#### **Item 14      Client Referrals and Other Compensation**

- A. As referenced in Item 12.A.1 above, the Registrant receives economic benefits from Schwab or other broker-dealers/custodians such as support services and/or products without cost (and/or at a discount). Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Schwab or another broker-dealer/custodian as a result of these arrangements. There is no corresponding commitment made by the Registrant to a broker-dealer/custodian or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**The Registrant's Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of the solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

#### **Item 15      Custody**

The Registrant shall have written authorization granting it the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

## **Item 16 Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary or non-discretionary basis. Before the Registrant assumes discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement, naming the Registrant as client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

## **Item 17 Voting Client Securities**

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## **Item 18 Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**