

Camarda Wealth Advisory Group

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Camarda Wealth Advisory Group

Brochure

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This brochure provides information about the qualifications and business practices of Camarda Wealth Advisory Group (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (904) 278-1177 or kim.camarda@camarda.com. 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 Camarda Wealth Advisory Group also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 Material Changes

No material changes have occurred since the Registrant's last annual filing.

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Item 4 Advisory Business

- A. Camarda Financial Advisors, LLC d/b/a Camarda Wealth Advisory Group (the “Registrant”) is a limited liability company formed in the state of Florida. The Registrant began offering investment advisory services in 1998 and changed its status to a Limited Liability Corporation on July 1, 2009. The Registrant is principally owned by Kimberly Camarda and Jeffrey Camarda, as Trustees of The Kimberly K. Camarda Trust created under The Camarda Family Trust; and Jeffrey Camarda and Kimberly Camarda, as Trustees of The Jeffery M. Camarda Trust created under The Camarda Family Trust. Jeffrey Camarda is the Registrant’s principal managing member.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates, charitable organizations, pension and profit sharing plans, etc.) a combination of investment management services on a discretionary basis and, to the extent specifically requested by a client, investment advisory, planning and/or related consulting services.

INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary investment management services on a *fee basis*. Registrant manages investment advisory accounts using proprietary research or model asset allocation portfolios. Each portfolio is designed by Registrant to meet a particular investment strategy. Strategy selection supervision is guided by the stated instructions of the client after a discussion of risk tolerance and alternatives.

Through personal discussions with the client in which the client’s goals, objectives, and preferences are discussed, Registrant will aid client in determining which of Registrant’s portfolio(s) seem appropriate to the client’s circumstances, then accept client’s instructions on portfolio selection . As appropriate, Registrant may suggest an allocation among the portfolios to more adequately address the client’s individual needs, preferences, or instructions. Once the client has instructed Registrant as to portfolio selection, clients will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio, including particular securities or funds. Clients will retain individual ownership of all securities. In order to ensure that account continues to be managed in accordance with client’s objectives and instructions, Registrant will seek to maintain client suitability information in the client’s file. Consequently, each client is advised to promptly notify the Registrant if there are ever any changes in their financial situation or investment objectives, or if they wish to impose any reasonable restrictions upon Registrant’s management services or modify existing restrictions.

Generally, Registrant will manage these advisory accounts on a discretionary basis only. However, certain clients may possess holdings which, for tax purposes or otherwise, the client does not wish to immediately liquidate. Where these assets neither fit within nor conform to an asset category of the selected model portfolio(s) (“Non-conforming Assets”) the client may nonetheless choose to include these assets under Registrant’s Investment Management Services. Registrant may accept and monitor these Non-conforming Assets and report opinions regarding their use and disposition (including, potentially, writing covered calls against such assets) on an ongoing basis separately or in conjunction with its management of model portfolio assets; Non-conforming Assets may

also be liquidated in an orderly fashion in order to be deployed to one of Registrant's portfolios, may be margined in order to facilitate the overlay of options or other strategies, or may be otherwise managed or overseen per specific client instructions. Registrant may also, as appropriate, modify the composition of the client's model portfolio assets to account for Non-conforming Assets. However, Registrant will not sell or transition Non-conforming Assets into the model portfolio managed on a discretionary basis without first notifying the client and receiving the client's authorization.

To best meet client needs, Registrant classifies its approach to Investment Management and Service into two broad categories, each with distinct benefits and characteristics.

Premium Portfolio Service (PPS):

Registrant will invest a client's PPS Account in one or more of the following in accordance with the selected model portfolio(s): individual equities, bonds or notes, no-load or load-waived mutual funds, exchange-traded funds (ETFs), options and/or other investment products. Registrant will allocate the client's assets among various investments taking into consideration the overall management style and risk tolerance selected by the client.

PPS Account clients will also receive a comprehensive service package including: a regular newsletter, quarterly calls and performance reviews, and rebalance reviews, regular communication (e-mail or phone), secure client web portal, complimentary Non-Registrant managed account reviews/advice (such as for 401(k) accounts), and invitations to various client events that may be scheduled throughout the year. All managed portfolios are available at the PPS level.

Genesis:

The process for creating and managing Genesis Accounts is similar to the process utilized for PPS Accounts except that, they will generally be invested only in no load or load waived mutual funds and ETF model portfolios. Genesis Accounts are generally designed for clients whose account size limits available Registrant strategies to mutual funds and ETFs with lower minimum investments while attempting to obtain adequate market exposure across asset classes as determined appropriate by Registrant's Portfolio Management Board; such strategies may contain few or single fund selections driven by account sizes. Genesis Account clients' service package is more limited than PPS and includes a regular newsletter, secure client web portal, summary electronic statement (through web portal only) and annual mail-in rebalance review. The Genesis service is offered for accounts up to \$300,000.

Registrant will monitor securities in the various portfolios, including Nonconforming Assets, at least quarterly. If Registrant believes that a particular fund or other investment is performing inadequately, or if Registrant believes that a different fund or investment is more suitable, then Registrant will reinvest the client's assets in accordance with the discretionary authority granted.

Registrant will charge an annual investment management fee based upon the portfolio category and total assets under management, as follows:

Premium & Genesis Fee Schedule (annual)

\$100,000 –\$500,000	2.50%
\$500,001 –\$1,000,000	2.00%
\$1,000,001 –\$5,000,000	1.50%
\$5,000,001 and over	1.00%

Registrant will charge its advisory fee on both model portfolio assets and Non-conforming Assets, as applicable.

INVESTMENT PLANNING/CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, the Registrant *may* determine to provide investment planning/consulting services on a stand-alone separate fee basis. Registrant's planning and consulting fees are negotiable, but generally range \$100 to \$1000 on an hourly rate basis, depending upon the level and scope of the service(s) required and the staff level of the professional(s) rendering the service(s). Prior to engaging the Registrant to provide investment planning or consulting services, clients are generally required to enter into a *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 prior to Registrant commencing services. In general and as client needs dictate the plan will address the following area of concern:

- INVESTMENTS: Analysis of investment alternatives and their effect on a client's portfolio or the construction of a portfolio
- Please note that the Registrant's planning advice is limited to investments only and does not include "financial planning."

Please Also Note: It remains the client's responsibility to promptly notify the Registrant if there is any change in his/her/its financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

MISCELLANEOUS

Cash Positions. Lastly, at any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), the Registrant *may* maintain cash positions for defensive purposes. All cash positions (money markets, etc) shall be included as part of assets under management for purposes of calculating the Registrant's advisory fee

Trade Error Policy. Registrant shall reimburse accounts for losses resulting from the Registrant's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within the Registrant's custodian firm account and Registrant retains the net gains and losses.

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 his/her/its responsibility to promptly notify the Registrant if there is any change in his/her/its financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services. In

addition, Registrant has a duty to inform client of the most appropriate risk tolerance strategies for clients situation and goals as best Registrant can ascertain, but client is advised that any deviations in client-selected strategies from those suggested by advisor may increase client's risk of loss or underperformance, and that client retains responsibility for such instructed deviations.

Disclosure Statement. A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement or Financial Planning and Consulting Agreement*. Any client who has not received a copy of Registrant's written Brochure at least 48 hours prior to executing the *Investment Advisory Agreement or Financial Planning and Consulting Agreement* shall have five business days subsequent to executing the agreement to terminate the Registrant's services without penalty.

- C. The Registrant shall provide investment advisory services based on the specific needs and instructions of each client. Prior to 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 anytime, impose reasonable restrictions, or other instructions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2011, the Registrant had \$219,940,000.00 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee* basis.

INVESTMENT ADVISORY SERVICES

If a client determines to engage the Registrant to provide discretionary investment advisory services on a *fee* basis. To best meet client needs, Registrant classifies its approach to Investment Management into three categories, each with distinct benefits and characteristics. Registrant will charge an annual investment management fee based upon the portfolio category and total assets under management, as follows:

Premium & Genesis Fee Schedule (annual)

\$100,000 –\$500,000	2.50%
\$500,001 –\$1,000,000	2.00%
\$1,000,001 –\$5,000,000	1.50%
\$5,000,001 and over	1.00%

Registrant will charge its advisory fee on both model portfolio assets and Non-conforming Assets, as applicable.

INVESTMENT PLANNING/CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, the Registrant *may* determine to provide investment planning/consulting services on a stand-alone separate fee basis. Registrant's planning

and consulting fees are negotiable, but generally range \$100 to \$1000 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

Negotiability of Fees: In certain circumstances, all fees and account minimums may be negotiable. In addition, certain family members and personal acquaintances of Registrant's representatives may receive advisory services at a discounted rate which is not available to advisory clients generally.

- 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 management 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 institutional custodians such as TD Ameritrade ("Ameritrade") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Ameritrade 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). Clients will incur, in addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, and, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value (or fair market value in the absence of market value) of the assets on the last business day of the previous quarter. The Registrant will charge its advisory fee on both model portfolio assets and Non-conforming Assets, as applicable. With respect to new engagements, the Registrant generally requires a \$300,000 per client minimum for the Registrant's Premium management services. Genesis client accounts will typically have assets totaling under \$300,000. Registrant, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future client earning capacity, anticipated referred clients' anticipated future additional assets, total dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, 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.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

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 can generally include individuals, business entities, trusts, estates, charitable organizations, pension and profit sharing plans, endowments, foundations, and etc. With respect to new engagements, the Registrant generally requires a \$300,000 per client minimum for the Registrant's Premium management services. Genesis client accounts will typically have assets totaling under \$300,000. Registrant, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future client earning capacity, anticipated referred client's anticipated future additional assets, total dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

A. The Registrant shall 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)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

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

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Margin Transactions (use of borrowed assets to purchase financial instruments)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

Please Note: Inverse/Enhanced Market Strategies. The Registrant may utilize “long/short” mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful, or perform proportionately to the underlying index exposure. In light of

these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

Please Note: Investment Risk. 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).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks; however risk of loss – even significant loss – is endemic in the investment process.

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 - Long Term Purchases, Short Term Purchases, and Trading - are fundamental and/or technical 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. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental and technical investment strategies discussed above, the Registrant may also implement and/or recommend use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk. (*See discussion below*).

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please note:** To the extent that a client authorizes the use of margin, and margin is thereafter employed by the Registrant in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Registrant may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential ***conflict of interest*** whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to the Registrant.

Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by the Registrant shall be with the intent of offsetting or "hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by the Registrant is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

The Registrant's Chief Compliance Officer, Kimberly Camarda, remains available to address any questions that a client or prospective client may have regarding the above fee billing practice.

- C. Currently, the Registrant primarily allocates client investment assets among various individual equity, options, and, mutual funds and/or exchange traded funds ("ETFs") (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), on a discretionary basis in accordance with the client's designated investment objective(s). Fixed or "traditional" income securities and client "legacy" positions may also be managed.

As disclosed above, the Registrant may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts. (See Item 4.B)

Item 9 Disciplinary Information

The Registrant has not been the subject of any disciplinary actions.

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.

1. **Other Investment Advisor.**

One of the principal executive officers of Registrant also devote a limited amount of time (varying but typically less than 5% total professional time) to Camarda Consultants, LLC (hereinafter “Camarda Consultants”) a consulting firm affiliated with Registrant through common ownership and control. Camarda Consultants provides estate planning, business planning, insurance, tax services, accounting, “financial planning,” and/or other non-investment financial advisory services to the public at large, which may include clients of the Registrant. If requested, Camarda Consultants may refer clients to third-party professionals and/or assemble a team of attorneys and others to meet client needs. Camarda Consultants is also separately licensed as an insurance agency with the State of Florida. The services provided through Camarda Consultants are separate and distinct from Registrant’s advisory services, and are provided for separate and typical compensation (see disclosure below).

2. **Licensed Insurance Agency.**

Camarda Consultants is separately licensed as an insurance agency with the State of Florida. The services provided through Camarda Consultants are separate and distinct from Registrant’s advisory services, and are provided for separate and typical compensation. Several of the representatives of Registrant are licensed insurance agents for one or more insurance companies and provide these services through Camarda Consultants. These individuals, in their separate capacities as insurance agents will be able to purchase insurance and insurance-related investment products for clients, for which they will receive separate, yet customary compensation. Clients are not under any obligation to engage these individuals or Camarda Consultants when considering implementation of advisory recommendations. While these representatives endeavor at all times to put the interest of the clients first as part of Registrant’s fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interests, and that a fiduciary relationship may not inure from Camarda Consultants to clients of Registrant who choose to transact with it .

3. **Conflict of Interest:** The recommendation by any of the Registrant’s representatives, acting in their separate capacity as a licensed insurance agent, that a client purchase an insurance commission product presents a *material conflict of interest*, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions received, rather than on a particular client’s need. No client is under any obligation to purchase any commission products from Registrant’s representatives through the affiliated entity. Clients are reminded that they may purchase insurance products recommended by Camarda Consultants through other, non-affiliated insurance agents. **The Registrant’s Chief Compliance Officer, Kimberly Camarda, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

4. **Sponsor or Syndicator of Limited Partnerships.**

The principal executive officers of Registrant, Jeffrey and Kimberly Camarda, wholly-own, manage, and may devote between 30%-50% of their time to Camarda

Real Estate Partners 1, LLP and Camarda Residential Partners, LLP, each a private real estate limited partnership (“Partnerships”). No client of the Registrant is associated with, invested in or solicited to invest in either Partnership. Additional disclosure information concerning Registrant and its representatives, including their participation in the Partnerships, is available on the Internet at www.adviserinfo.sec.gov/IAPD. See Schedule D, Section 7.B. for additional information regarding the Partnerships. These partnerships do not represent investment entities but rather are personal real estate holdings of the Camarda family.

- C. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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 firm 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 prior to 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 truncation policy requires that Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the *Firm* 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 firm 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 11 C, 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. Clients should note that Registrant participates in the Institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Registrant also has an arrangement with Charles Schwab Advisor Services ("Schwab") through which Schwab provides Registrant with Schwab "platform" services. Through these Programs, Registrant receives certain benefits that it would not receive if it did not offer investment advice to clients. (See the disclosure at Item 12A.1).

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 management accounts be maintained at *TD Ameritrade*. Prior to engaging Registrant to provide investment management 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 *TD Ameritrade* (or any other 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 relation to the value of the brokerage and research services received. 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 a 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 management 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. Research and Additional Benefits

There is no direct link between Registrant's participation in the program and the investment advice the firm gives to its Clients, although Registrant receives economic benefits through its participation in the program that are typically not available to *TD Ameritrade* retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Registrant participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Registrant by third party vendors. *TD Ameritrade* may also have paid for business consulting and professional services received by Registrant's related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses for Registrant's personnel to attend conferences. Some of the products and services made available by *TD Ameritrade* through the program may benefit Registrant but may not benefit its Client accounts. These products or services may assist Registrant in managing and administering Client accounts, including accounts not maintained at *TD Ameritrade*. Other services made available by *TD Ameritrade* are intended to help Registrant manage and further develop its business enterprise. These benefits received by Registrant or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to *TD Ameritrade*. As a part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Registrant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Registrant's recommendations regarding custody and brokerage services.

In recommending *TD Ameritrade* as the broker and custodian for certain of its current and future client accounts, Registrant also considers its arrangement with *TD Ameritrade* for obtaining price discounts for *TD Ameritrade*'s automatic portfolio rebalancing service for advisors known as "iRebal." The standard iRebal annual license fee applicable to Registrant is \$20,000. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the *TD Ameritrade* platform or are committed to be placed on it. After a first year implementation fee, specified taxable clients' assets either maintained on or committed to the *TD Ameritrade* platform will reduce Registrant's iRebal licensing costs by as much as 100% for each of as many as three years or more. The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute "plan assets" of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974 (ERISA), amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs). If Registrant does not maintain the relevant level of taxable assets on the *TD Ameritrade* platform, Registrant may be required to make a penalty fee payment to *TD Ameritrade* calculated on the basis of the shortfall. Although Registrant believes that the products and services offered by *TD Ameritrade* are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with *TD Ameritrade* as to the iRebal service may affect Registrant's

independent judgment in selecting or maintaining *TD Ameritrade* as the broker or custodian for its client accounts.

Also disclosed under Item 12A of this Brochure, Registrant has an arrangement with Charles Schwab Advisor Services ("Schwab") through which Schwab provides Registrant with Schwab's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Registrant in conducting business and in serving the best interests of their clients but that may benefit Registrant.

Schwab charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Schwab enables Registrant to obtain some no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. However, the commissions and transaction fees charged by Schwab may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Schwab also makes available to Registrant, at no additional charge to Registrant, certain research and brokerage services, including research services obtained by Schwab directly from independent research companies, as selected by Registrant (within specified parameters).

Without this arrangement, Registrant might be compelled to purchase the same or similar services at its own expense. As a result of receiving such services from Schwab at no additional cost, Registrant may have an incentive to continue to use or expand the use of Schwab's services.

Registrant's Chief Compliance Officer, Kimberly Camarda, 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 any such arrangement may create.

2. **TD Ameritrade AdvisorDirect.** Registrant may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect (the "referral program"). In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Registrant may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Registrant and there is no employee or agency relationship between them. TD Ameritrade has established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Registrant and has no responsibility for Advisor's management of client portfolios or Advisor's other advice or services. Registrant pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Registrant ("Solicitation Fee"). Registrant will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Registrant from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred

client and hired Registrant on the recommendation of such referred client. Registrant will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Advisor's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Registrant may have an incentive to recommend to clients that the assets under management by Registrant be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Advisor has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Advisor's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

3. Registrant does not have the discretionary authority to determine the broker dealer to be used for transactions made in client accounts or the commission rates to be paid. As such, clients must direct Registrant as to the broker dealer to be used. For clients in need of brokerage or custodial services, and depending on client circumstances and needs, Registrant may recommend the use of Ameritrade or Schwab each FINRA-member broker dealers unaffiliated with Registrant. Registrant clients must evaluate these brokers before opening an account. The factors considered by Registrant when making this recommendation are the broker's ability to provide professional services, Registrant's experience with the broker, the broker's reputation, and the broker's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to affect trades through any recommended broker.

Clients should also consider that Registrant participates in the TD Ameritrade AdvisorDirect referral program sponsored by TD Ameritrade through which TD Ameritrade may refer clients to Registrant. Participation in the referral program creates an inherent conflict between the client's interest in receiving a recommendation for a broker that will provide best price of a security, best execution and the lowest cost of clearing, settlement and custodial services on the one hand (as well as Registrant's fiduciary duty to seek the same on behalf of its clients) and Registrant's interest in receiving future client referrals from TD Ameritrade. In light of this conflict, when seeking brokerage recommendations from Registrant, clients should be aware of their various brokerage options, including utilizing the services of the recommended broker or choosing another broker. Registrant will not make commitments to any broker or dealer to compensate that broker or dealer through brokerage or dealer transactions for client referrals. (See the disclosure at Item 12A.2).

Clients are free to select the broker dealer of his or her choice. However, Registrant reserves the right to decline acceptance of any client account for which the client directs the use of a broker dealer other than TD Ameritrade or Schwab if Registrant

believes that this choice would hinder its fiduciary duty to the client and/or its ability to service the account. In directing the use of a particular broker it should be understood that Registrant will not have authority to negotiate commissions on a trade by trade basis or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients who may direct the use of another broker dealer. Clients should note, while Registrant has a reasonable belief that TD Ameritrade and Schwab are each able to provide best execution and competitive prices, Registrant will not be independently seeking best execution price capability through other broker dealers.

- B. To the extent that the Registrant provides investment management 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 representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives, investment preferences or instructions, and/or financial situation. All clients (in person or via telephone) are encouraged to review investment 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 another 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 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 12.1 and 12.2 above, the Registrant may receive an indirect economic benefit from *Ameritrade* and/or *Schwab*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *Ameritrade* and/or *Schwab*.
Registrant’s clients do not pay more for investment transactions effected and/or assets maintained at *Ameritrade* and/or *Schwab* as result of this arrangement. There is no corresponding commitment made by the Registrant to *Ameritrade* and/or *Schwab* or any

other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

The Registrant's Chief Compliance Officer, Kimberly Camarda, 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 his/her/its 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 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.

Clients who have their advisory fees debited directly from their custodial accounts are urged to compare any written statement provided by the Registrant with the account statements received from the account custodian to ensure that the proper advisory fee has been deducted from their custodial account. **Please also note** that the account custodian does not verify the accuracy of the advisory fee calculation.

Item 16 Investment Discretion

The Registrant requires that clients grant written discretionary authority to determine which securities and the amount of securities that are to be bought or sold for client's account(s). Prior to the Registrant assuming discretionary authority over a client's account, client shall be required to execute *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 for 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 beneficially 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.
- D. **ANY QUESTIONS: The Registrant's Chief Compliance Officer, Kimberly Camarda, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**