



## Brochure

This brochure provides information about the qualifications and business practices of Synergy Financial Management, LLC. If you have any questions about the contents of this brochure, please contact us at (206) 386-5455 or send an email to [info@sfmadvisors.com](mailto:info@sfmadvisors.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 Synergy Financial Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Synergy Financial Management, LLC is a Registered Investment Advisor. Registration as an investment advisor does not imply any certain level of skill or training.

## Material Changes

This section of the brochure helps you quickly identify material changes from the last annual update.

This version of adds language about Agency Cross trading which was not in our previous version.

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# Advisory Business

Synergy Financial Management, LLC (SFM) is a Registered Investment Advisory firm specializing in wealth management. The firm focuses on providing fee-based investment advice and comprehensive financial planning services to individuals, businesses, business owners, and trusts. SFM provides customized financial planning and investment strategies to meet our Clients' changing financial circumstances and objectives.

**Financial Planning:** Synergy Financial Management's planning process will help our Clients assess their current financial situation, identify specific needs, goals, and concerns and help them evaluate their options and strategies for addressing those needs, goals, and concerns.

Synergy Financial Management helps our Clients with a variety of quality financial planning alternatives. Whether working on a retirement, tax, or estate plan, we have the expertise and tools needed to help our Clients reach their goals.

**Investment Planning:** Synergy Financial Management's investment process helps our Clients compare their current account and investment management strategies with their goals and objectives to see if they are on target to reach their goals. From there, we help our Clients evaluate different account management strategies and help to implement strategies that give them the best chance of meeting or surpassing their investment goals.

Synergy Financial Management's strategies can help you with a variety of investment alternatives. Whether you are working on income for retirement, saving for college, or managing the proceeds of an estate, we can be of service.

## OWNERSHIP

99% of Synergy Financial Management, LLC is owned by Synergy Financial Services, Inc., and 1% is owned by Joseph M. Maas, the Principal.



## ASSETS UNDER MANAGEMENT

Assets under management as of December 31, 2013 are approximately \$102,191,661. We manage approximately \$95,514,129 of our client's assets on a discretionary basis and \$6,741,086 on a non-discretionary basis.

## Fees and Compensation

Client compensates Advisor for investment advisory and/or financial planning services on an annual fee basis at the rate agreed upon. Fees are negotiable based on account size. The account management fee is payable quarterly in advance. New accounts opened during the quarter (including accrued interest and dividends) are billed initially for the days from inception to the end of the quarter based on the inception value.

Subsequent quarterly fees will be calculated based upon the market value of Client's account (including accrued interest and dividends) on the last business day of the previous calendar quarter and will become due the following business day. The fee may or may not be adjusted with respect to additions or withdrawals made by Client during the period. The value of deposits made after the end of the quarter will be included in the next billing period.

The custodian of the account is normally authorized to deduct any fee owed to Advisor directly from Client's account. All fees paid to Advisor will be reported to Client on the quarterly account reports that will be produced by the Advisor and/or on Client's statement from the custodian.

Fees are negotiable, based on account size. A standard investment advisory fee schedule looks like this:

| Account Value             | Quarterly Fee | Annualized Fee |
|---------------------------|---------------|----------------|
| \$0 - \$1,000,000         | 0.250%        | 1.00%          |
| \$1,000,001 - \$2,000,000 | 0.1875%       | 0.75%          |
| Amounts over \$2,000,001  | 0.125%        | 0.50%          |

The minimum annual fee is \$5000.00



Management fee refunds for accounts terminated in the middle of the billing cycle will have the number of days counted between the termination and the end of the quarter. The fee already paid is pro-rated for those unearned days, and a check for the refund amount is mailed to the former Client's address of record.

Our brochure refers to Investment Management Clients unless noted otherwise.

## Compensation

All fees charged by the custodian are clearly detailed in the opening account form supplied by the Custodian and in a separate document provided by the Custodian, called a Pricing Guide.

### MUTUAL FUND EXPENSES

Client should be aware that all mutual funds incur expenses for account management services and fund administrative services by the mutual fund company. These expenses may range from 0% to 2.0% of asset value for a domestic equity fund and from 0% to 2.5% for an international or global equity fund. Internal expenses of bond funds tend to be lower than for equity funds. The Advisor fee charged pursuant to this Agreement will be in addition to mutual fund internal expenses paid at the mutual fund level.

Certain of the open-end mutual funds which may be acquired in Client's account, may, in addition to assessing management fees, internally assess a distribution fee pursuant to section 12(b)1 of the Investment Company Act of 1940 as amended, or an administrative or service fee. Advisor may be eligible, or may become eligible in the future, to share in such fees, which generally equal 0.25%, or may exceed this amount, each year of the mutual fund account balance. Such fees are included in the calculation of operating expenses of a mutual fund, and the existence of such fees is disclosed in the prospectus for each mutual fund.

Sometimes we may purchase a no-load mutual fund through the Custodian in the Client account. When purchased at the Custodian, there may be a transaction fee assessed by the Custodian. Client may purchase mutual funds which charge no sales load directly with the sponsoring fund organization or, possibly from an unaffiliated broker, with no transaction fee.



Synergy receives no part of any of these expenses charged by the Custodian or mutual fund company, so there is no conflict of interest in the selection of assets that are bought for the Client account. Synergy Financial Management's compensation is entirely from the management fees based on the investment account value.

## Performance Based Fees

Synergy does not charge fees based on performance of the Client portfolio.

## Types of Clients

Synergy Financial Management, LLC, works with individuals, businesses, business owners, 401(k)s, and trusts. Based on the needs of the Client and the size of each account, different levels of service may be contracted. If Premium Services are contracted, a higher annual premium may be applied.

Standard Services Included in the annual management fee:

|   |   |                                 |
|---|---|---------------------------------|
| Investment Audit (Analysis)                   | Risk Audit (Ability & Willingness)                  | Investment Strategy Development |
| Investment Policy Statement (IPS) Preparation | IPS Implementation & Investment Strategy Management | IPS Monitoring & Adjustment     |

Premium Services available upon request:

|                      |                  |                    |
|----------------------|------------------|--------------------|
| Retirement Planning  | Estate Planning  | Tax Review         |
| Investment Review    | Insurance Review | College Planning   |
| Real Estate Analysis | Document Review  | Budgeting Analysis |

Fees for Premium Services range from \$1,500 - \$20,000

## Analysis, Strategies, and Loss

Synergy Financial Management, LLC, is devoted to performing two primary, value-added wealth management services – investment management and comprehensive financial planning. We believe in a team approach to addressing comprehensive financial needs. That team may include Synergy, as the quarterback of the team, a CPA, an attorney, a banker, a mortgage broker, and other professionals that Client relies on. We:

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March 14, 2014

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- Identify and prioritize goals in a discussion with Client
- Have questionnaires filled out by the Client which provide us quantitative and qualitative data
- Analyze the data provided and document our findings in a formal document
- Present and discuss the document including any problems and solutions
- Implement the strategies outlined in the document
- Monitor and adjust our plan as needed through the years and changes in Client's life.

## FINANCIAL PLANNING FOUNDATIONS

**Risk:** Investment theory and historical capital market return data suggest that, over long periods of time, there is a relationship between the level of risk assumed and the level of return that can be expected in an investment program. In general, higher risk (e.g., volatility of return) is associated with higher return. Returns can also be evaluated by comparing relative returns to absolute returns.

Given this relationship between risk and return, a fundamental step in determining the investment policy for the Portfolio is the determination of an appropriate risk tolerance. There are two primary factors that affect the Investor's risk tolerance:

- Financial ability to accept risk within the investment program, and
- Willingness to accept volatility in the expected returns

These two factors are taken into account along with the responses to the questionnaires Client has filled out. This data determines the Client's Risk Tolerance.

**Return:** SFM manages from a total return portfolio perspective and separates returns by Required and Desired. Required returns are associated with primary goals, and desired returns are associated with secondary goals. If there are discrepancies between the two types of returns or if the current required return is not realistic under current market conditions, we may need to discuss the risk/return characteristics and to review the other variables that can provide solutions to meeting Client's goals.

Further, returns can be considered in nominal terms and in real terms. Nominal returns include inflation, and real returns address the return without inflation. We also consider returns on both a pre-tax and post-tax

basis. Further, return characteristics can be considered from a principal conservation perspective or a principal invasion perspective. Using financial modeling, scenario and sensitivity analysis, and Monte Carlo simulation, we can fully explore a range of possible portfolio outcomes. For principal conservation, we can simply state the current return requirement. To provide for income needs, we can employ an income portfolio strategy in addition to the growth portfolio or overlay it on top of the growth strategy.

**Time Horizon:** Historical asset class return data suggests that the risk of principal loss over a holding period of at least 10 to 20 years can be minimized with a long-term investment mix.

A series of facts determine a Client's personal time horizon. One family will have short-term investment goals, mid-term investment goals, and long-term investment goals, determined by their situation. We review all these needs and link them with risk objectives to determine the period of each Client's time horizon.

**Taxes:** Taxes can affect the investment policy in several ways and should be analyzed by comparing pre-tax vs. post-tax opportunities, such as:

- The determination as to the appropriate investment vehicles for a Portfolio, either taxable or tax-free, and/or income producing or growth through capital appreciation.
- The selection of either an active or passive strategy to be employed for a particular asset class and/or account type.

Initial portfolio implementation and portfolio rebalancing may have adverse tax consequences. Ordinary income and both short and long term capital gains taxes may apply.

**Liquidity:** We consider liquidity needs to be any need for cash flow with in a twelve (12) month period. For these requirements, we use savings vehicles or equivalents so those assets are not subject to systematic market risk.

## UNIQUE CIRCUMSTANCES

**Marketability of Assets:** The passive/active portfolio for a Client can be invested in illiquid, long-term investments. Such investments may include, but shall not be limited to, mutual funds, pooled investment vehicles, unit investment trusts, fixed & variable annuities, stocks, bonds, and options. Please be advised that



most annuities have surrender charges and may also contain management or participation fees. A commission may also be earned by the insurance agent.

**Diversification:** Investment of funds shall be limited to individual marketable securities or packaged products (for example, mutual funds or unit investment trusts) in categories as listed below. Client may add or delete classes as they feel necessary:

**Permitted Asset Classes may include but are not limited to:**

1. Cash and cash equivalents
2. Fixed Income – Domestic Bonds
3. Fixed Income – Non-U.S. Bonds
4. Equities – U.S.
5. Equities – Non-U.S.
6. Equities – Emerging Markets
7. Equities – REITs
8. Mortgages
9. Precious Metals

**Permitted Security Types may include but are not limited to:**

1. Mutual Funds – Stocks, Bonds, Money Market Funds
2. Individual Stocks, as long as they are traded on the major exchanges
3. Individual Bonds, as long as they are rated bbb or better.
4. Closed-end funds
5. Unit Investment trusts
6. Covered Call Options
7. Deferred Annuities issued by an insurance company with a Best rating of A or better
8. Bank certificates of deposit
9. Listed Options
10. Commodity ETFs or Pooled Investments

**Prohibited Asset Classes and/or Security Types may include but are not limited to:**

1. Venture Capital
2. Purchases of Letter Stock, Private Placements, or direct payments
3. Direct Commodities Transactions

## AVAILABLE STRATEGY SUMMARIES:

Semi Passive: Asset allocation is an approach to investment selection that involves diversifying (spreading investment funds, among different types of investments called asset classes) to reduce return-rate volatility and risk.

In traditional asset allocation, a range of best-diversified portfolio mixes of asset classes is determined, offering various expected return rates each with the least possible risk. This range of portfolios is called the efficient frontier, commonly shown as a curve on an efficient frontier graph.

To obtain the benefit of diversification, the most important step is to select several asset classes that are fundamentally different and, therefore, are likely to vary above and below their expected return rates at different times. If, during a year, one asset class goes down, others are likely to offset that decline by going up.

The second step in the process is to apply a mathematical analysis called Modern Portfolio Theory, which identifies the range of best-diversified portfolios or mixes of the selected asset classes.

Active: SFM currently manages two active custom non-diversified strategies that seek to earn a return above their respective benchmarks. This excess return is called alpha. In seeking alpha, we may employ either or both of these strategies in the portfolio. Client's ability and willingness to take risk are the primary determinants of which strategy (or combination of strategies) is implemented.

Concentrated Equity Strategy: This proprietary strategy seeks to identify alpha opportunities through event-driven, opportunistic and/or intrinsic value principals and blends bottom-up research with top-down considerations. It looks for companies which have had strong historical performance and continue to have prospects for sustainable performance in several key value drivers, i.e., return on invested capital, growth, cash flows, and valuations. In addition to fundamental analysis, technical analysis is used to help identify execution decisions.

At any given time, the active equity strategy may contain stocks in various sectors, or it may contain concentrated sector allocations as well as various or concentrated market capitalizations. For small-cap companies, the discount from intrinsic value we look for is larger than the discount for mid-cap companies, and the mid-cap category requires a higher discount than the large-cap companies.

We manage risk in this strategy by initiating position limits and executing stop loss orders when appropriate. Further, we take a long-term hold focus on our positions which helps achieve the goal of minimizing taxes and transaction costs. Moreover, our target holding period is a minimum of twelve months. Taxable and non-taxable accounts may be treated differently, and a sale within twelve months may be appropriate in some situations.

To aid in the exit strategy of positions, we have several sell disciplines, some of which are soft rules and others are hard rules. The following are some reasons we may want to exit a securities position:

- Deteriorating fundamentals
- Price has risen well above its intrinsic value
- Better investment opportunities have been identified
- A mistake was made in the original equity selection
- A percentage drop from the original position

Mutual Fund/Exchange Traded Fund Strategy: Active mutual fund selection starts with investment strategy – how a manager goes about analyzing, buying, and selling securities. Alpha drivers are formed around the various strategies employed by managers, and we are attempting to identify mutual fund managers who are providing the highest risk-adjusted alpha.

Alpha driver groups don't replace the due diligence we perform on mutual funds we invest in; rather, alpha driver strategy peer groups help us in comparing managers based on how they will manage the fund. This is a different comparison than the popular Morningstar-style boxes.

We identify a manager's strategy by gathering a few key value drivers that allow us to identify mutual funds manager who are actively managing their strategy with high alpha and low correlations to other standard mutual funds selection criteria. We may employ (allocate/optimize) just one fund or several funds to complete our active mutual fund strategy.

Conservative Strategy: The conservative strategy is comprised of various investment vehicles and/or strategies designed to provide a secure foundation to the Client's overall portfolio. Investments may include but are not limited to: cash equivalents, CDs, money market instruments, T-bills, government and credit fixed income instruments, and fixed annuities.

Various strategies over short-term, intermediate-term and long-term time periods may be executed to help you meet your goals and objectives. The following are a few of the strategies that may be employed.

- Bullet strategies
- Barbell strategies
- Immunization strategies
- Cash flow matching strategies
- Combination strategies
- Laddering strategies
- Asset & Liability matching strategies

The use of each one of these strategies and/or investment instruments will be determined through a variety of factors including: economic analysis, general trends in fixed income and equity markets, yield curve analysis, credit analysis, spread analysis, risk adjusted returns, quality analysis, sector analysis, and total return projections. These financial factors will be considered along with personal circumstances and Client's portfolio objectives and constraints.

## **Disciplinary Information**

Synergy Financial Management, LLC has had no legal or disciplinary event that is material to an evaluation of the integrity of this advisor or its management persons.

## **OBA and Affiliation**

## **Code of Ethics**

Synergy Financial Management, LLC holds its staff to the highest standard of personal and professional conduct in the investment management profession. Highlights of the Code are listed below:

- Place the financial interests of the Client first
- Disclose fully the services provided and compensation received.
- Be subject to a review and monitoring procedure for personal trading activity on a periodic basis. Pre-approval from the Chief Compliance Officer must be obtained for all employee equity trades.



- Maintain Client confidentiality at all times.
- Comply fully with all statutory and regulatory requirements affecting the delivery of investment advisory services to Clients.

A complete copy of the Code is available on request.

## **PERSONAL TRADING**

Before trading, employees of Synergy Financial Management, LLC, must first obtain a written approval from the Chief Compliance Officer. Requiring prior written approval eliminates any conflicts where an employee might trade before Clients, thereby obtaining better pricing than our Clients.

# **Brokerage Practices**

Advisory Clients may implement investment recommendations through a brokerage firm of their choice. However, we would suggest to Clients that they custody their assets at Charles Schwab and Co., Inc., TD Ameritrade, or Benefit Trust. This is based upon each custodian's proven operational capabilities, research services, product availability, and competitive commission charges. Synergy has an institutional relationship with these Custodians, and we feel that we can best serve our Clients because of these relationships.

SFM may employ a separate account manager or counterparties to execute and/or manage a portion of an account. SeaCap Investment Management Company is sometimes employed for separate bond portfolio management.

## **SOFT DOLLARS**

In addition to a broker's ability to provide "best execution," we may also consider the value of "research" or additional broker products/services provided. This is known as paying with "soft dollars." Because many of the services or products that Custodians offer could be considered to provide a benefit to the firm, and because the "soft dollars" used to acquire them are Client assets, the firm could be considered to have a conflict of interest in allocating Client brokerage business: it could receive valuable benefits by selecting a particular broker or dealer to execute Client transactions, and the transaction compensation charged by that broker or



dealer might not be the lowest compensation the firm might otherwise be able to negotiate. In addition, the firm could have an incentive to cause Clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

We participate in no soft dollars program at Schwab.

We participate in the institutional advisor program (the "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. Advisor receives some benefits from TD Ameritrade through its participation in the Program.

The firm's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), the firm will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors, that the compensation to be paid to TD Ameritrade is reasonable in relation to the value of all the brokerage and research products and services provided by TD Ameritrade. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular Client, but also the value of those services and products in our performance of our overall responsibilities to all of our Clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction (or set of transactions) may be greater than the amounts another broker-dealer who did not provide research services or products might charge.

## **CLIENT REFERRALS**

Synergy Financial Management does not compensate brokers for Client referrals.



## **DIRECTED BROKERAGE**

Additional trading fees may be imposed by the custodian for those Clients who prefer to direct trades to a particular brokerage. These fees are specified in the Pricing Guide from the Custodian.

## **TRADE AGGREGATION**

The Advisor owes a duty to each Client to treat each Client fairly. It may be improper to give one Client priority over others. If a large number of trades are placed in any single security, the pricing may be different between the time the first trade is placed and the last trade. Consequently, if we determine that the purchase or sale of a particular security is appropriate for more than one Client account, we bunch all those orders together and make just one "block trade." This assures that all of our Client trades in one security will all execute at the same price.

## **AGENCY CROSS**

At times Advisor may make trades in client accounts where the Custodian acts as the broker for both of our discretionary clients as governed by Rule 206(3)-2 of the Investment Advisers Act of 1940. If we have one client who needs to sell a security and another who needs that asset in their portfolio, the custodian may be notified to trade between the two accounts without involving the open market. Fees in cases are carefully reviewed so each client gets the best execution pricing, often better than in the open market.

## **ACCOUNT REVIEW**

Synergy Financial Management sends printed reports to Clients quarterly in April, July, October, and January for the quarter just finished. The Custodian of the Client's accounts will also send out printed statements at least quarterly. If there is activity or a change in the account during an interim month not at the end of the quarter, an additional statement may be sent by the Custodian in addition to the Client's quarterly statement.

Every quarter, the investment team (Joe Maas and Katie Vercio) conducts a formal review of the Client accounts. The team reviews the quarterly performance percentages for each Client, including overall account performance and strategy performance data (active, semi-passive, and conservative strategies). After

compiling the information, the data is reviewed using several statistical measures (such as, averages, range, deviation, dispersions, regression, etc.) The many measures used help the team assess relative and absolute performance of the accounts. Finally, the reports are reviewed line by line and compared to internal benchmarks.

If an account's return is outside the expected range, the account is marked for allocation review to determine the cause of the diversion from expected return. Accounts may be reviewed additionally during the year for a number of reasons:

- The Advisor sees changes in the market and wants to make trades
- The account is rebalanced to the allocation model
- A Client notifies us of a material change in their needs or situation
- A Client meeting is scheduled

## **REFERRALS AND OTHER COMPENSATION**

At this time, Synergy Financial Management has no arrangements to compensate any outside source for referrals.

Charles Schwab may contribute toward Synergy Financial Management's annual software costs. The program benefits all Clients and aids the company in research. At this time it is not determined if Schwab will continue with future contributions. Schwab's contribution was not directly determined by any trading requirements, but based on a request for assistance from the firm's principal.

As disclosed above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor 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 Advisor 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
- discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors

TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to Clients, Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

## **CUSTODY**

Synergy Financial Management does not have custody of Client accounts.

## **INVESTMENT DISCRETION**

Synergy Financial Management, LLC is normally appointed as Investment Advisor with full discretionary authority. Synergy will supervise and direct, in its sole discretion, the investments of and for Client without further consultation with Client. Such authority, however, shall be subject to such limitations and restrictions as Client may impose by notice in writing to Advisor and by the current Investment Policy Statement (IPS). Further, Advisor has discretion to change the strategies included in the IPS and will provide an edited IPS whenever changes are made.

Advisor provides full discretionary investment advisory services including account reviews and recommendations with respect to various investments. Such investments will be included in the asset value of Client's account for the purpose of calculating the fee compensation to Advisor for advisory services. These investments include open-end mutual funds offered with no sales commission or load, publicly traded closed-end mutual funds, common and preferred stocks, American Depositary Receipts, options, real estate investment trusts, corporate bonds, U.S. Government and Government agency bonds, mortgage backed and municipal bonds, CDs, and any other investment that may be offered through the Custodian.

Other investments may be bought or sold. These investments include new or secondary securities offerings including brokered certificates of deposit. Should Client buy any of these securities, Client may pay a commission, which is defined by the terms of the offering as stated in a prospectus for the security.

Further, Advisor:

- a. Supervises and directs or makes recommendations with respect to the investments of the accounts in accordance with the investment objectives of Client per the current IPS and amendments as communicated in writing to Advisor from time to time;
- b. Appraises and reviews the investment of the account at reasonable intervals;
- c. Provides a written statement each quarter of the investments of the account along with performance. Advisor makes information contained in our Client record available to Client or any other person at the direction of Client, but does not assume responsibility for the accuracy of information; and
- d. Delivers to any securities brokerage firm executing transactions on behalf of the accounts a copy of this document as evidence of Advisor's authority to act for and on behalf of the accounts.

On occasion, a Client may have a favorite equity or other assets they prefer to hold outside of Synergy's models. Details are outlined in the Client's personal Investment Policy Statement.

## **PROXY VOTING**

Synergy Financial Management, LLC does not vote proxies for Client. However, if Client requests, Advisor will give advice with respect to voting of proxies. Client understands and agrees that Client retains the right to vote all proxies solicited for the securities held in Client's account.



## **FINANCIAL INFORMATION**

Synergy Financial Management, LLC has no financial conditions that are reasonably likely to impair our ability to meet contractual commitments to Clients.

## **STATE REGISTERED INVESTMENT ADVISORS**

Currently Synergy is governed by the Securities and Exchange Commission (SEC) as a Registered Investment Advisor. If regulations change and we need to register with the State of Washington, we will update this document.

**JOSEPH M. MAAS** is the Principal, Chief Investment Officer (CIO), and Chief Compliance Officer (CCO) of Synergy Financial Management, LLC. He manages the investment management process along with the firm's core financial foundation strategies. His expertise is in designing investment strategies and wealth preservation plans for trusts, businesses, and individuals.

## **BACKGROUND AND EXPERIENCE**

Joe received his B.A. in Finance from Seattle Pacific University in 1990. Subsequently, he studied Finance abroad in Japan, Hong Kong, China, and Thailand. In 2000, Joe received a Master of Science in Financial Services and formed Synergy Financial Management, LLC in 2001. To complement his studies, Joe earned the professional certifications of Chartered Financial Analyst (CFA®), Accredited Valuation Analyst (AVA), CERTIFIED FINANCIAL PLANNER™ (CFP®), Chartered Financial Consultant (ChFC®), Chartered Life Underwriter (CLU®), Certified Commercial Investment Member (CCIM™), and Certified Wealth Preservation Planner (CWPP®), Alliance of Mergers & Acquisition Advisors (AM&AA), the National Association of Certified Valuation Analysts (NACVA), and Certified Commercial Investment Member (CCIM). He has remained current as an expert in his field by serving as a member of the Seattle Estate Planning Council, the Commercial Brokers Association, and the Society of Chartered Financial Analysts.

Certified Financial Planner Board of Standards, Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, and federally registered CFP (with flame design), in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

His body of knowledge includes the list below, which is not mean to be exhaustive but a representative sample of financial knowledge:

### **I. Ethical and Professional Standards**

- A. Professional Standards of Practice
- B. Ethical Practices

### **II. Quantitative Methods**

- A. Time Value of Money
- B. Probability
- C. Probability Distributions and Descriptive Statistics
- D. Sampling and Estimation
- E. Hypothesis Testing
- F. Correlation Analysis and Regression
- G. Time Series Analysis
- H. Simulation Analysis

I. Technical Analysis

### **III. Economics**

- A. Market Forces of Supply and Demand
- B. The Firm and Industry Organization
- C. Measuring National Income and Growth
- D. Business Cycles
- E. The Monetary System
- F. Inflation
- G. International Trade and Capital Flows
- H. Currency Exchange Rates
- I. Monetary and Fiscal Policy
- J. Economic Growth and Development
- K. Effects of Government Regulation
- L. Impact of Economic Factors on Investment Markets

### **IV. Financial Reporting and Analysis**

- A. Financial Reporting Systems (IFRS and GAAP)
- B. Principal Financial Statements
- C. Financial Reporting Quality
- D. Analysis of Inventories
- E. Analysis of Long-Lived Assets
- F. Analysis of Taxes
- G. Analysis of Debt
- H. Analysis of Off-Balance-Sheet Assets and Liabilities
- I. Analysis of Pensions, Stock Compensation, and Other Employee Benefits
- J. Analysis of Inter-Corporate Investments
- K. Analysis of Business Combinations
- L. Analysis of Global Operations
- M. Ratio and Financial Analysis

### **V. Corporate Finance**

- A. Corporate Governance
- B. Dividend Policy

- C. Capital Investment Decisions
- D. Business and Financial Risk
- E. Long-Term Financial Policy
- F. Short-Term Financial Policy
- G. Mergers and Acquisitions and Corporate Restructuring

## **VI. Equity Investments**

- A. Types of Equity Securities and their Characteristics
- B. Equity Markets: Characteristics, Institutions, and Benchmarks
- C. Fundamental Analysis (Sector, Industry, Company) and the Valuation of Individual Equity Securities
- D. Equity Market Valuation and Return Analysis
- E. Special Applications of Fundamental Analysis (Residual Earnings)
- F. Equity of Hybrid Investment Vehicles

## **VII. Fixed Income**

- A. Types of Fixed-Income Securities and their Characteristics
- B. Fixed-Income Markets: Characteristics, Institutions, and Benchmarks
- C. Fixed-Income Valuation (Sector, Industry, Company) and Return Analysis
- D. Term Structure Determination and Yield Spreads
- E. Analysis of Interest Rate Risk
- F. Analysis of Credit Risk
- G. Valuing Bonds with Embedded Options
- H. Structured Products

## **VIII. Derivatives**

- A. Types of Derivative Instruments and their Characteristics
- B. Forward Markets and Instruments
- C. Futures Markets and Instruments
- D. Options Markets and Instruments
- E. Swaps Markets and Instruments
- F. Credit Derivatives Markets and Instruments

**IX. Alternative Investments**

- A. Types of Alternative Investments and their Characteristics
- B. Real Estate
- C. Private Equity/Venture Capital
- D. Hedge Funds
- E. Closely-held Companies and Inactively Traded Securities
- F. Distressed Securities/Bankruptcies
- G. Commodities
- H. Tangible Assets with Low Liquidity

**X. Portfolio Management and Wealth Planning**

- A. Portfolio Concepts
- B. Management of Individual/Family Investor Portfolios
- C. Management of Institutional Investor Portfolios
- D. Pension Plans and Employee Benefit Funds
- E. Investment Manager Selection
- F. Other Institutional Investors
- G. Mutual Funds, Pooled Funds, and ETFs
- H. Economic Analysis and Setting Capital Market Expectations
- I. Tax Efficiency
- J. Asset Allocation (including Currency Overlay)
- K. Portfolio Construction and Revision
- L. Equity Portfolio Management Strategies
- M. Fixed-Income Portfolio Management Strategies
- N. Alternative Investments Management Strategies
- O. Risk Management
- P. Execution of Portfolio Decisions (Trading)



## LICENSES, CERTIFICATIONS, AND EDUCATION

|   |   |
|---|---|
| <b>Securities Exams Passed:</b> <ul style="list-style-type: none"> <li>❖ NASD Series 7, Stocks, Bonds, Options, and Mutual Funds</li> <li>❖ NASD Series 6, Mutual Funds</li> <li>❖ NASD Series 63, Blue Skies</li> <li>❖ NASD Series 65, Investment Advisor Representative</li> <li>❖ NASD Series 24, Registered Securities Principal</li> <li>❖ NASD Series 4, Registered Options Principal</li> </ul> | <b>Other Licenses and Designations:</b> <ul style="list-style-type: none"> <li>❖ Chartered Financial Analyst (CFA)</li> <li>❖ Accredited Valuation Analyst (AVA)</li> <li>❖ Certified Financial Planner (CFP®)</li> <li>❖ Chartered Financial Consultant (ChFC®)</li> <li>❖ Chartered Life Underwriter (CLU®)</li> <li>❖ Masters of Financial Services (MSFS)</li> <li>❖ Real Estate Broker</li> <li>❖ Certified Mergers &amp; Acquisition Advisor (CM&amp;AA)</li> <li>❖ Certified Commercial Investment Member (CCIM)</li> <li>❖ Certified Wealth Preservation Planner (CWPP®)</li> </ul> |
| <b>Insurance Licenses:</b> <ul style="list-style-type: none"> <li>❖ Brokers Licenses</li> <li>❖ Life</li> <li>❖ Health/Disability</li> <li>❖ Fixed Annuities</li> </ul>   | <b>Education:</b> <ul style="list-style-type: none"> <li>❖ B.A. – Finance – Seattle Pacific University – 1990</li> <li>❖ M.S. – Financial Services – American College – 2000</li> </ul>   |

Joe has had no legal or disciplinary event that is material to an evaluation of the integrity of this Advisor or as a management person.

## OUTSIDE BUSINESS ACTIVITIES

Synergy Financial Services, Inc. dba Synergetic Finance is a 99% owner of Synergy Financial Management, LLC, with Joe Maas owning 1%. Synergy Financial Services is an Insurance Broker. There may be commissions received from insurance policies purchased by clients of Synergy Financial Management, LLC.

Synergy Financial Services, Inc. dba Synergetic Finance also owns Synergy Mergers & Acquisitions, LLC and Synergy Business Valuations & Consulting, LLC.





Joe Maas is 100% owner of M2 Capital, which is a consulting firm. There are currently no conflicts with any clients.

M2Capital is a minority owner of Portfolio Research, LLC, an SEC registered company which offers portfolio management systems to online customers. Portfolio Research, LLC manages no accounts and does not have discretion nor custody over any accounts. Consequently, there are no conflicts in the association.

#### **ADDITIONAL COMPENSATION**

Joe receives no special compensation related to sales, client referrals, or new accounts.



**JOHN ANGELO FLAVIN** IS A senior associate planner and is registered as an Investment Advisor Representative of Synergy Financial Management. As a senior planner, John coordinates the efforts of Synergy's other team members in executing the financial planning process. Because of his excellent attention to detail, every client's financial plan is assured of successful implementation.

John graduated with a Bachelor of Science degree from Boston College where he earned both academic and athletic scholarships. After completing a postgraduate program in Baltimore, MD, John moved to Seattle and began his career in the financial services arena. In 1997 he was awarded the Cascade Association of Life Underwriters outstanding achievement award for his work in the financial services market. He was also presented with the inaugural Millennium award in 2000 as the FSIC Broker of the Year for Outstanding Achievement.

#### **LICENSES, CERTIFICATIONS, AND EDUCATION**

|   |  |
|---|--|
| <b>Securities Exams Passed:</b> <ul style="list-style-type: none"><li>❖ NASD Series 65, Investment Advisor Representative</li><li>❖ NASD Series 7, Stocks, Bonds, Options and Mutual Funds</li><li>❖ NASD Series 6, Mutual Funds</li><li>❖ NASD Series 63, Blue Skies</li></ul> | <b>Other Licenses and Designations:</b> <ul style="list-style-type: none"><li>❖ Certified Commercial Investment Member (CCIM™)</li><li>❖ Certified Financial Planner (CFP®)</li><li>❖ Chartered Financial Consultant (ChFC®)</li><li>❖ Chartered Life Underwriter (CLU®)</li><li>❖ Accredited Investment Fiduciary (AIF®+)</li><li>❖ Real Estate Agent</li></ul> |
| <b>Insurance Licenses:</b> <ul style="list-style-type: none"><li>❖ Life</li><li>❖ Health/Disability</li><li>❖ Fixed Annuities</li></ul>   | <b>Education:</b> <ul style="list-style-type: none"><li>❖ B.S. – Environmental Geosciences – Boston College – 1994</li></ul>   |

John has had no legal or disciplinary event that is material to an evaluation of the integrity of this Advisor or as a management persons.

#### **OUTSIDE BUSINESS ACTIVITIES**

John has no outside business activities which demand more than 10% of his time.

#### **ADDITIONAL COMPENSATION**

John receives no special compensation related to sales, client referrals, or new accounts.

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March 14, 2014



**KATIE VERCIO** is a financial planning and investment analyst for Synergy Financial Management where she supports the company's market and economic research as well as the firm's financial planning process. Katie received her Bachelor of Arts degree in Finance from Seattle Pacific University, and she is currently enrolled as a candidate in the Certified Financial Planner (CFP®) program. The Synergy companies and their clients greatly benefit from Katie's dedication and overall enthusiasm to putting Client needs first.

#### **LICENSES, CERTIFICATIONS, AND EDUCATION**

|   |  |
|---|--|
| Securities Exams Passed:<br>❖ NASD Series 7, Stocks, Bonds,<br>Options and Mutual Funds | Currently Enrolled:<br>Certified Financial Planner®, Level 3 |
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Katie has had no legal or disciplinary event that is material to an evaluation of the integrity of this Advisor or as a management persons.

#### **OUTSIDE BUSINESS ACTIVITIES**

No outside business activities which demand more than 10% of Katie's time.

#### **ADDITIONAL COMPENSATION**

Katie receives no special compensation related to sales, client referrals, or new accounts.



**CONNIE L. PETERSON** is Synergy Financial Management's operations and communications backbone. Connie is responsible for supporting the team by acting as a liaison between team members, other professionals, vendors, and clients. Further, she is responsible for coordinating and disseminating reports, research, and other information to all interested parties. It is her smiling voice you often hear when calling our offices.

Connie has 32 years of experience in client service and client service management, which allows her to excel at getting the job done. Further, her experience has provided her with extensive knowledge of several major financial institutions' back office systems and has given her the ability to diagnose bottlenecks and solve issues quickly. The Synergy Financial Management planning team and its clients greatly benefit from Connie's operational experience and efforts.

#### **LICENSES, CERTIFICATIONS, AND EDUCATION**

|  |  |
|--|--|
| Securities Exams Passed: <ul style="list-style-type: none"><li>❖ NASD Series 7, Stocks, Bonds, Options and Mutual Funds</li><li>❖ NASD Series 63, Blue Skies</li><li>❖ NASD Series 65, Investment Advisor Representative</li></ul> | Insurance Agent Licenses: <ul style="list-style-type: none"><li>❖ Life</li><li>❖ Health/Disability</li><li>❖ Fixed Annuities</li></ul> |
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Connie has had no legal or disciplinary event that is material to an evaluation of the integrity of this Advisor or as a management persons.

#### **OUTSIDE BUSINESS ACTIVITIES**

No outside business activities which demand more than 10% of Connie's time.

#### **ADDITIONAL COMPENSATION**

Connie receives no special compensation related to sales, client referrals, or new accounts.