

**Part 2A of Form ADV: *Firm Brochure***

**Purcell Advisory Services, LLC**

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This brochure provides information about the qualifications and business practices of Purcell Advisory Services, LLC. If you have any questions about the contents of this brochure, please contact us at 253-627-8101 or [tlw@purcellas.com](mailto:tlw@purcellas.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 Purcell Advisory Services, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 117238.

## **Item 2    Material Changes**

**There are no material changes to report**

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## **Item 4    Advisory Business**

Purcell Advisory Services, LLC is a SEC-registered investment adviser with its principal place of business located in Washington. Purcell Advisory Services, LLC began conducting business in 1998.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

Sonne, Inc., Member, owns more than 25% of Purcell Advisory Services, LLC.

Purcell Advisory Services, LLC offers the following advisory services to our clients:

### **ADVISORY SERVICES**

#### **Purcell Advisory Services Investment Programs**

We provide investment management services on a discretionary basis through the Purcell Advisory Services Investment Programs (the Programs).

We have identified an investment objective for each Program and an investment strategy to achieve the Program's objective. Although the Programs may change from time to time, we currently offer the following Programs:

Tactical Hi Yield Bond  
Columbus High Yield Bond  
Growth Plus  
Market Edge  
Ultra Select  
Dynamic US Government Bond  
Managed Alternative Assets  
Equity Alternative

We currently offer the following programs for 401(k) accounts:

Conservative – Columbus High Yield  
Moderate – Dynamic US Government Bond  
Aggressive – Growth Plus

You will receive a general description of each current Program along with this brochure or directly from the Representative who introduces you to our services (the role of the Representative is described below). We may also develop other Programs for participants in employee benefit plans or other clients whose needs are not met by the existing Programs, provided that the amount of assets these clients will invest with us are sufficient to justify development of another Program.

We have developed a model portfolio for each Program that is designed to achieve the Program's overall investment objective. Investments in each Program will typically consist of

registered, open-end management companies (mutual funds) that invest in various asset classes, use various investment styles, or have other investment characteristics designed to achieve the Program's overall investment objective. You should review and understand the risks, potential rewards, fees, and expenses of the mutual funds before deciding to participate in a Program.

Generally, the Programs do not follow a buy and hold strategy, but trade in and out of positions frequently (which in some Programs may be daily). Purcell's methods involve frequent trading; we do not provide tax advice, but there may be tax implications to short-term holdings that you should thoroughly discuss with your tax adviser. The Programs may incorporate inverse index mutual funds and mutual funds that invest in leveraged or derivative securities, such as futures contracts or options on securities, both on a long and short basis. More extensive descriptions of the investments employed and the associated risks are discussed in the separate Program descriptions accompanying this brochure or provided separately by the Representative at or before the time you enter into an Advisory Agreement for such Program.

Under certain circumstances, we may agree to serve as an overlay manager of subaccounts of variable annuities products owned by a client. We will manage the client's interests in the subaccounts according to one or more of the Programs. Typically this will be through Tactical Hi Yield Bond, Columbus High Yield Bond, Growth Plus, Dynamic US Government Bond, Managed Alternative Assets, Market Edge, Equity Alternative or Ultra Select discussed below, or a variation of such Programs.

We will not be managing the investments owned by the mutual funds or variable annuity subaccounts in your accounts (which are managed by one or more separate managers engaged directly by the mutual fund or by the investment company issuing the annuity (or its affiliate)). The separate managers are paid from the assets of the mutual fund or subaccount and are an indirect expense borne by the mutual fund shareholders or annuity contract holders. **See below for further information regarding expenses related to investments in mutual funds and variable annuities.**

The specific terms of the services to be provided to each client will be described in an Advisory Agreement between Adviser and the client (the Advisory Agreement). At the Adviser's discretion, the terms of each client's Advisory Agreement may be individually negotiated. **See below for discussion of accounts that Adviser manages as subadviser on behalf of unaffiliated investment advisers.**

Note: In certain circumstances, Purcell will base its recommendations from unaffiliated research providers. Purcell may authorize a research provider to place trades directly on behalf of Purcell's clients. In this circumstance, Purcell will provide the client with the disclosure brochure of the research provider. Clients should review this brochure to evaluate the services provided by the research provider.

#### **Assistance from the Representative.**

Generally, our clients are referred by a current client or by a Representative from one of the independent broker-dealers or investment advisory firms (referred to as the Financial Services Firms) with which we have referral agreements. Under these agreements, we compensate the Financial Services Firm for referring clients to Adviser. The Financial

Services Firm shares its compensation with the Representative. **See below for further discussion of these referral arrangements under Item 14.**

### **Private Label Names.**

Adviser permits certain Financial Services Firms to refer to the Programs by names (the "Private Label Names") different from those we use in this brochure or other materials we prepare. Clients of these firms will receive an addendum to this brochure which correlates the Private Label Names with the Program names we use. If you receive marketing materials from a Financial Services Firm which refer to the Programs by names different from those shown above (or in other marketing materials we prepare), please refer to the end addendum to this brochure for further information.

The use of a Private Label Name does not change the services we provide to any Program or client. A Financial Services Firm may agree to provide additional services to its clients who participate in a Program with a Private Label Name. We are not responsible for providing such additional services; the Financial Services Firm is. Our responsibilities are limited to those described in our Advisory Agreements with our clients.

### **Accounts Objectives, Financial Situation, and Risk Tolerance.**

During your initial discussions with the Representative, you will discuss your financial situation, investment objectives, tolerance for risk, investment time horizon, and any reasonable restrictions you wish to impose with respect to your account (together, the "Suitability Information"). The Representative will also answer questions you may have about us, the Programs, and the characteristics of each Program.

### **Types of Investments.**

Your account will be invested primarily or exclusively in mutual funds. However, we will have the discretion, if suitable, to purchase some or all of the following:

- exchange-listed or over-the-counter common or preferred stocks,
- government or corporate bonds,
- closed-end mutual funds, and
- exchange traded funds (ETFs).

We will also have the discretion to invest your account in cash or cash equivalents, and may effect temporary sweep transactions of all uninvested cash balances to a money market mutual fund, which may be managed by the Custodian or an affiliate of the Custodian.

### **Client Selection of a Suitable Program; Reasonable Restrictions.**

After discussions with the Representative, you will identify the Program whose investment objectives, volatility, and asset classes are suitable for your account. At the opening of the account, you will have the opportunity to impose reasonable restrictions on the management of the account. You will be reminded again in the quarterly notices and during an annual contact with us of the ability to impose new or modify existing reasonable restrictions.

### **Disclosure Document, Advisory Agreement, and Application.**

The Representative will provide the required disclosure documents and assist client with

completing any required forms. The disclosure documents and forms will include this brochure, an application to establish an account with a custodian we have approved (the Custodian), and the Advisory Agreement. Prior to signing the Advisory Agreement, the Representative will also provide a solicitor's disclosure document, as required under SEC Rule 206(4)-3. The Representative will forward the completed documents to us.

### **Information Regarding the Custodian.**

We will generally recommend that clients establish accounts with:

- a custodian, such as Trust Company of America (TCA);
- a mutual fund company, such as Rydex Funds;
- a variable annuity company;
- another Custodian acceptable to Adviser if necessary under your individual circumstances or upon your request.

You should be aware that TCA will charge accounts a fee of 10 basis points (one-tenth of one percent) annually, payable and deducted quarterly in arrears, based on the value of the account as of the last day of each calendar quarter. You should also be aware that TCA reserves the right to change the amount of such fee without notice to Adviser. Other Custodians will likely charge fees for their services. It is your responsibility to review the account documents from each Custodian to determine the amount of fees and expenses charged by each Custodian for its services. We will not receive any portion of the fees paid by the account to a Custodian for its custodial services.

### **Management of the Account.**

Upon receipt of all account documents in proper form and receipt by the Custodian of the accounts assets, we will continuously monitor, invest, and reinvest your account so that your account is comprised of substantially the same investments, allocated in substantially the same proportions, as the model portfolio of the Program you have selected, subject to any reasonable restrictions you impose and to any withdrawals or contributions you make. Management of the account will involve the purchase and sale of the investments for the account, which will be taxable for accounts other than tax-qualified accounts.

### **Third-Party Research, Model Portfolios, and Signals.**

We will determine the specific investments that will be purchased for your account. From time to time, we may engage various Signal Providers to provide us with research, model portfolios, buy and sell signals, or other information or services that we may use to manage one or more of the Programs and manage client accounts. The Signal Providers will be engaged solely by us to provide information or such services to us and will not agree to be subadvisers or fiduciaries with respect to any client. We pay the Signal Providers a percentage of the advisory fees we receive from clients.

### **Changes in Circumstances.**

In the event of any change in your Suitability Information, the Program you have chosen may no longer be appropriate. You should contact your Representative in the event of any material change in your personal or financial circumstances. By promptly contacting your Representative, you and the Representative can determine if a different Program would be more appropriate for your changed circumstances.

**Quarterly Notices and Annual Contacts to Discuss Changes in the Clients Situation.**

At least quarterly, we will notify you in writing to contact us if there have been changes in the Suitability Information, including any new or modified investment restrictions. At least annually, we will contact you to determine if there have been any changes in the Suitability Information.

**Contacts for Client Questions.**

Your primary contact with respect to the Program and the account will be the Representative. The Representative will be available to answer questions about the administration of your account, and general questions about the Program. If you have questions which the Representative cannot answer, you are encouraged to contact us directly, at the address or telephone number shown on the front of this brochure. Knowledgeable personnel are available to answer your questions.

**Financial Planning Services**

We also provide financial planning services. When you purchase financial planning services you will receive a written report, providing you with a financial plan designed to achieve your stated financial goals and objectives. In general, the financial plan will address the following areas:

Personal: Family records, budgeting, personal liability, estate information and financial goals.

Tax & Cash Flow: Income tax and spending analysis and planning for past, current and future years. Adviser will illustrate the impact of various investments on your current income tax and future tax liability.

Death & Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.

Retirement: Analysis of current strategies and investment plans to help the you achieve your retirement goals.

Investments: Analysis of investment alternatives and their effect on your client's portfolio.

We gather required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents you supply are carefully reviewed, including a questionnaire you complete, and we prepare a written report. Should you choose to implement the recommendations contained in the plan, we suggest that you work closely with your attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at your discretion. You may implement our recommendations through any adviser or broker-dealer of your choice.

Our financial planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:



- Exchange-listed securities
- Securities traded over-the-counter
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- Exchange-traded funds

### **NON-DISCRETIONARY MANAGEMENT**

In certain unusual circumstances, Purcell may offer to manage client portfolios on a non-discretionary basis. In this scenario, Purcell will contact the client prior to making trades in the client's account. Purcell will meet with the client to review the client's financial goals and attitudes toward risk, and will help the client develop a portfolio based on the client's individual situation. Non-discretionary accounts will be reviewed at least quarterly and upon client request; however, Purcell will not typically recommend changes in client portfolios outside of these reviews.

Investments reviewed and recommended in non-discretionary portfolios may include:

- Exchange-listed securities
- Securities traded over-the-counter
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- Exchange-traded funds

## **SUBADVISORY SERVICES.**

From time to time, we may enter into a Subadviser Agreement with an unaffiliated investment adviser (a Primary Adviser) which has or will enter into investment advisory agreements (each a Primary Advisory Agreement) with the Primary Adviser's clients (each an accountholder). Pursuant to the Subadviser Agreement, the Primary Adviser will engage us to manage on behalf of the Primary Adviser specific accounts identified by the Primary Adviser and accepted by us (each a Subadvisory Account) according to the Program to be specified by Primary Adviser for each such Subadvisory Account.

The assets of each Subadvisory Account will be held by the Custodian, which will be Fidelity Brokerage Services, LLC (or one of its affiliates collectively referred to as Fidelity) or such other qualified custodian acceptable to Adviser. The accountholder is responsible for establishing and maintaining the Subadvisory Account with the Custodian.

### **Pursuant to the terms of the Subadviser Agreement:**

- the Primary Adviser appoints us as investment manager to manage each Subadvisory Account on a discretionary basis according to the Program specified by the Primary Adviser for such Account;
- We agree to manage each Subadvisory Account according to the Program specified by the Primary Adviser, according to the terms of the Subadvisory Agreement and this brochure;
- the Primary Adviser delegates and grants us the power and authority, in our discretion, to buy, sell, or otherwise effect transactions for each Subadvisory Account, in the accountholder's name and for the accountholder's account. Pursuant to such power and authority, we may, without prior consultation with the Primary Adviser or the accountholder, purchase, sell, redeem, exchange, or otherwise effect transactions, for cash or on margin, in stocks, bonds, mutual funds, and other securities (and contracts relating to the same) on behalf of the Subadvisory Account and accountholder, and give instructions in furtherance of such power and authority to broker-dealers executing orders for the Account (each a Broker) and to the Custodian.

## **Primary Adviser's Responsibilities.**

The Primary Adviser will:

- (i) conduct initial and regular subsequent meetings with each accountholder regarding the Programs and the Subadvisory Account;
- (ii) assist each accountholder in initially determining and subsequently updating the Suitability Information for the Subadvisory Account;
- (iii) advise the accountholder with respect to the Programs, including without limitation the initial and subsequent selection of a Program that is suitable for the Subadvisory Account, based on the initial Suitability Information, and as Primary Adviser becomes aware of changes in the Suitability Information from time to time;

(iv) answer accountholder inquiries, questions, or requests for information, and perform all accountholder or Account support services;

(v) notify in writing each accountholder at least quarterly to contact Primary Adviser or Adviser if there have been any changes in the Suitability Information (including without limitation whether the accountholder wishes to impose new or revise existing restrictions on the management of the Subadvisory Account); and

(vi) contact each accountholder at least annually to determine whether there have been any changes in the Suitability Information (including without limitation whether the accountholder wishes to impose new or revise existing restrictions on the management of the Subadvisory Account).

The Primary Adviser shall specify to us a Program which is suitable for each Subadvisory Account and according to which we shall manage such account. Primary Adviser shall advise the accountholder and us on a continuous basis with respect to the suitability and appropriateness of the Subadvisory Account's participation in a Program.

We will not be required to verify any information, documentation, specification, or notification obtained from the Primary Adviser or the accountholder (or from other third parties acting on behalf of or for the accountholder or a Subadvisory Account), and we are expressly authorized to rely upon the accuracy and completeness thereof. We shall not have any obligation to supervise or monitor the Primary Adviser or performance of the Primary Advisers obligations to or with respect to the accountholder or any Subadvisory Account or other accounts owned by the accountholder.

### **AMOUNT OF MANAGED ASSETS**

As of 3/30/2012, we were actively managing \$207,851,567 of clients' assets on a discretionary basis plus \$1,671,213 of clients' assets on a non-discretionary basis.

### **Item 5 Fees and Compensation**

Except as otherwise provided below, in an Advisory Agreement, or in a Subadvisory Agreement (or in any separate agreement between Adviser and a Primary Adviser), the following provisions shall apply with respect to all accounts (including without limitation Subadvisory Accounts) participating in any Program, whether we are acting as adviser or sub-adviser:

The annual fee (the Fee) for our services for accounts participating in a Program will be calculated as a percentage of the value of the account, according to the schedules below:

## **Investment Program Fee Schedules**

TACTICAL HI YIELD BOND, COLUMBUS HIGH YIELD BOND, DYNAMIC US GOVERNMENT BOND, MANAGED ALTERNATIVE ASSETS, EQUITY ALTERNATIVE, MARKET EDGE, ULTRA SELECT:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
\$50,000 to \$500,000	2.50%
\$500,001 to \$1,000,000	2.25% (Total Account at this percentage)
\$1,000,001 and above	2.00% (Total Account at this percentage)

GROWTH PLUS:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
\$50,000 to \$500,000	2.90%
\$500,001 to \$1,000,000	2.70% (Total account at this fee)
\$1,000,001 and above	2.50% (Total account at this fee)

ANNUITY ACCOUNTS PARTICIPATING IN A PROGRAM:

As disclosed above, we may manage variable annuity sub-accounts according to one of the Programs, and the Fee will be calculated according to the schedule shown above for such Program, unless otherwise stated in the Advisory Agreement.

401(k) ACCOUNTS CONSERVATIVE, MODERATE, AND AGGRESSIVE PROGRAMS:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
Mutual Fund Selection	1.00%
Managed Programs	2.00%

ALL PURCELL STRATEGIES THAT MAY BE OFFERED FOR SUBADVISORY ACCOUNTS (Subadvisory Accounts Only):

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
All assets at this fee	1.70%

## **Non-Discretionary Management Fees**

Fees for non-discretionary management accounts range from 1.25% to 1.75% of the client's managed assets, based on the size, nature and complexity of the client's situation.

## **Financial Planning Fees**

Financial planning fees are charged as a fixed fee, typically ranging from \$500 - \$5000 depending on the nature and complexity of each client's circumstances. The fee is due and

payable at the time your agreement is executed. In such a circumstance, the financial plan will be presented to you within 90 days of the contract date, provided that you have promptly provided all information needed to prepare the financial plan.

### **Additional Information Regarding Fees for Subadvisory Accounts.**

The Primary Adviser shall owe us the Fees with respect to each Subadvisory Account. Generally, Fees for Subadvisory Accounts shall be paid to us from fees owed to the Primary Adviser by the accountholder of the Subadvisory Account; provided, the Primary Adviser shall bear the risk of collection and liability to us for any deficit between the amount of Fees owed to us and the amount received by us from the account. The Fees with respect to Subadvisory Accounts may be higher than the Fees charged to accounts we manage which are not referred by a Primary Adviser. The Primary Adviser may increase the fees it charges the Subadvisory Accounts to pay all or part of the Fees owed to us; and the fees charged by the Primary Adviser may be higher than the fees charged to accounts for which the Primary Adviser has not engaged us.

The Fee Schedules may be revised by us upon notice to Primary Adviser, and the new Fee schedule will be in effect as of the first calendar quarter beginning 30 days or more after we provide Primary Adviser with such notice of revision.

### **General Information Regarding Fees**

**Fee Practices.** For most managed accounts, except for the first calendar quarter in which the account is open, the Fee will be billed quarterly in advance at the beginning of each calendar quarter based on the value of the account as of the close of the last trading day of the preceding calendar quarter, using the annualized percentages shown above. Transactions that have not settled prior to the last trading day of a calendar quarter may be included in either the current or the following calendar quarter, as determined by us on a consistent basis. Fees are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an account.

For 401(k) Conservative, Moderate, and Aggressive, fees are calculated and deducted quarterly in arrears, based on the value of the account on the last day of each calendar quarter.

For the first calendar quarter that the account is open, and for all other quarters in which an asset is transferred into the account after the last trading day of the preceding quarter, the Fee will be calculated and billed with respect to each such asset beginning on the date such asset is received by the custodian, as reflected on the custodians statement.

If initial billing for a new asset occurs during the first two months of the current quarter, Adviser's fee with respect to the asset will be calculated and billed to the end such quarter. If the initial billing for a new asset occurs during the last month of the current quarter, Adviser's fee will be calculated and billed for the balance of time left in the current quarter, plus the next full quarter.

**Custodians Payment of Fees.** The client, accountholder, and Primary Adviser will provide the Custodian with such documentation as we or the Custodian request, authorizing and directing the Custodian to deduct the Fees from the account or Subadvisory Account and to pay us the Fees upon submission of a Fee invoice (which may be electronic) to the Custodian.

**Other Fees & Expenses.** Our Fees are in addition to any custodial fees, sales charges, switch or exchange fees, advisory fees, wire transfer fees, or other expenses charged by the Custodian, any advisory fees charged by any Primary Adviser, any commissions, sales charges, mark-ups/mark-downs or other costs or expenses charged by any broker-dealer that effects transactions for an account or Subadvisory Account, and the internal fees and expenses of the mutual funds or ETFs in which the account or Subadvisory Account is invested (see below for additional information regarding fees and expenses of mutual funds and ETFs.)

For its custodial services, TCA will charge clients an annual custodial fee (which is currently 10 basis points [one-tenth of one percent], but which may be changed by TCA without notice), payable and deducted from account quarterly in arrears, based on the value of the account as of the last day of each calendar quarter. Other Custodians will likely charge fees for their services. It is client's responsibility to review the account documents from each Custodian to determine the amount of fees charged by each Custodian for its services.

**Computing Market Value.** Typically, the value of the account or Subadvisory Account will be based on the values reported by the Custodian. However, we may, at our discretion, value the account or Subadvisory Account, or any asset in an account or Subadvisory Account in such manner as we shall determine in good faith to reflect its fair value.

**Additions and Withdrawals.** Subject to the provisions below regarding Limitations on Client, Accountholder, or Primary Adviser Trading, the client, accountholder, or Primary Adviser may make additions to the account at any time, subject to our right to terminate an account or Subadvisory Account that falls below the minimum account size. Additional assets received into an account or Subadvisory Account after it is opened shall be charged a pro rata fee based upon the number of days remaining in the quarter. The client, accountholder, or Primary Adviser may withdraw account assets upon notice to the us, subject to the usual and customary securities settlement procedures. No fee adjustments shall be made for account appreciation or depreciation within a billing period. We will not impose a start-up, closing or penalty fee in connection with the account or Subadvisory Account. In the event of withdrawal of all or substantially all of the assets from an account or Subadvisory Account, the termination of an account or Subadvisory Account, or the termination of our management of an account or Subadvisory Account, customary commissions and other expenses associated with liquidating or transferring the account or Subadvisory will be charged to the client or accountholder.

**Limitations on Client, Accountholder, or Primary Adviser Trading.** We intend to use automated systems to effect transactions so that accounts and Subadvisory Accounts in a particular Program each reflect the model portfolio for that Program. Additions, withdrawals, or transactions in an account or Subadvisory Account effected by a client, accountholder, or

Primary Adviser directly through the Custodian or through the issuer of any security held in the account or Subadvisory Account without sufficient notice to us may cause the account or Subadvisory Account to experience trading errors, losses, or transaction costs when we make subsequent rebalancing, reallocation, or other transactions. Clients, accountholders, and Primary Advisers are advised that they should not make additions or withdrawals, or effect transactions directly with the Custodian or the issuer of any security held in an account or Subadvisory Account unless and until we have been notified of each such intended addition, withdrawal, or transaction, and we have made appropriate adjustments to our systems and records, and the Custodian's systems and records, to avoid such errors, losses, or costs.

**Terminations & Refunds.** An Advisory Agreement or Subadvisory Agreement may be terminated at any time, by either party, for any reason, upon 30 days prior written notice to the other party, as provided in the Advisory Agreement or Subadviser Agreement. You have the right to terminate the Advisory Agreement, without penalty, within five business days after entering into the Advisory Agreement. The Primary Adviser has the right to terminate the Subadviser Agreement or Advisers management of any Subadvisory Account, without penalty within five business days after entering into the Subadviser Agreement or five business days after Primary Adviser's identification of the Subadvisory Account for management by us. For the calendar quarter in which the Advisory Agreement, Subadviser Agreement, or management of a Subadvisory Account is terminated, the Fee will be prorated and refunded based on the number of days remaining in such quarter from the date we actually terminate management. We may (but are not required to) calculate fees and prorations on the basis of a 360-day year, and a 30-day month.

**Change Advisory Fee.** The amount of the Fee will continue in effect until 30 days after we have notified client or Primary Adviser, as appropriate, in writing of any change in the amount of the Fee. As of the end of such 30-day period, the new fee will become effective unless you terminate the Advisory Agreement.

**Possibility of Lower Fees.** Lower fees for comparable services may be available from other advisers.

**Negotiability of Fees.** In certain circumstances, we may agree to negotiate our Fees. Adviser may charge clients, accountholders, accounts or Subadvisory Accounts receiving the same services different fees. The fee schedules in this brochure are our firm's basic fee schedules generally charged absent negotiation.

**Direct Debiting of Fees.** The Advisory Agreement and Subadviser Agreement will provide that the Custodian will pay our Fees upon receipt of our invoice, without further inquiry and without notifying or obtaining the client's, accountholder's, or Primary Adviser's consent. All fees will be shown on the monthly or quarterly statements provided by the Custodian to the client or accountholder. Please see additional information about directly debiting Fees in Item 15 of this brochure.

**Mutual Fund Fees.** All fees paid to us are separate and distinct from the internal fees and expenses charged by mutual funds (or ETFs) to their shareholders. These fees and expenses are described in each fund's or ETF's prospectus or summary disclosure document. These fees will generally include a management fee, other internal expenses, and a possible distribution fee. If the fund also imposes sales charges, the account or Subadvisory Account

may pay an initial or deferred sales charge. Shares of certain mutual funds offered in the Program may impose short-term trading charges (typically 1% - 2% of the amount originally invested) for redemptions made within short periods of time. You should consider these short-term trading charges when selecting the Program or mutual funds in which you invest. You could invest in mutual funds or ETFs directly, without our services. In that case, you would not receive the services we provide. Accordingly, you should review both the fees charged by the funds and ETFs and the fees we charge to fully understand the total amount of fees to be paid by the account or Subadvisory Account, and evaluate the advisory services being provided.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

Purcell Advisory Services, LLC does not charge performance-based fees.

Purcell has accepted a working capital loan from one of its investment advisory clients. There was, and continues to be, no special consideration extended to this client by Purcell in connection with this transaction and the client pays management fees according to the protocols and schedules presented elsewhere in this document. As Purcell's investment recommendations are for highly liquid mutual funds that trade at net asset value (NAV), Purcell has little if any ability to favor one client over another by preferential trade allocation or timing of trades in managed portfolios.

## **Item 7 Types of Clients**

We provide advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Charting.** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend



may last and when that trend might reverse.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Cyclical Analysis.** In this type of technical analysis, we measure the movements of a particular index or sector or mutual fund against the overall market in an attempt to predict the price movement of the security.

**Market Signals.** In this type of technical analysis, we measure the movements of the entire market in an attempt to predict whether it is better to be invested in the markets or to be invested in cash or other fixed-income investments. Based on this analysis, we will switch among asset classes in an attempt to profit from changes in our market outlook. Much of this analysis is based on research from independent Signal Providers.

Depending on the particular service, we will generally use performance, research, or other reports from Signal Providers to select the investments and create the models for the Programs, and to determine which investments will be recommended or purchased for accounts and Subadvisory Accounts. We will also use buy/sell signals provided by Signal Providers on an on-going basis. Depending on the particular Program, we may rely largely or entirely on research, recommendations, and signals from Signal Providers.

A risk of using market signals is that if our outlook is incorrect, our clients may not participate in dramatic market upswings or may be caught in dramatic downswings.

To the extent we do not rely on model portfolio recommendations or buy/sell signals provided by Signal Providers, investments may be selected on the basis of any or all of the following criteria:

- performance history;
- the industry sector in which the security invests;
- the track record of any investment manager;
- the security's objectives, management style and philosophy, fee structure, trading restrictions, and
- our ability to execute orders and maintain records in an efficient manner, at reasonable costs.

In providing financial planning services, we will use projections and planning software available from broker-dealers or other third-parties. The software selected will be tested and reviewed for accuracy and inclusion of pertinent updates and changes of law.

Financial planning recommendations will use asset allocation as the primary method of security analysis. Rather than focusing primarily on securities selection, we attempt to identify

an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

***Risks for all forms of analysis.*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **INVESTMENT STRATEGIES**

We purchase mutual funds with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Utilizing a trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. Moreover, under those circumstances, we are left with few options:

- having a long-term investment in a security that was designed to be a short-term purchase, or
- the potential of having to take a loss.

In addition, because this strategy involves more frequent trading than does a longer-term strategy, capital gains in the client's account will be subject to less favorable tax treatment.

Where appropriate, Purcell will invest your assets in "leveraged" and/or "inverse" mutual funds (also known as "short" funds). These funds generally reset each day, which means that they are designed to achieve their stated objectives on a daily basis. Because of this daily reset, these types of funds can quickly diverge from their underlying indices or benchmarks. In other words, it is possible that you could suffer significant losses even if the long-term performance of the index showed a gain. While there may be trading and hedging strategies that justify holding these investments longer than a day, if you are a buy-and-hold investor with an intermediate or long-term time horizon, you should carefully consider whether these securities are appropriate for your portfolio

Purcell emphasizes that the strategies employed are not buy-and-hold in nature but trade actively and use the leveraged and inverse funds for short-term holding periods. The due diligence and performance tracking of any strategy has been examined in light of the use of this type of investment

Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## **Item 9 Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

The principal business of our firm and our executive officers is conducting our advisory business

- Purcell has accepted a working capital loan from one of its investment advisory clients. There was, and continues to be, no special consideration extended to this client by Purcell in connection with this transaction and the client pays management fees according to the protocols and schedules presented elsewhere in this document. As Purcell's investment recommendations are for highly liquid mutual funds that trade at net asset value (NAV), Purcell has little if any ability to favor one client over another by preferential trade allocation or timing of trades in managed portfolios.

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

We have adopted a Code of Ethics expressing our commitment to ethical conduct. Our Code of Ethics describes our fiduciary duties and responsibilities to clients, and sets forth our practice of supervising the personal securities transactions of supervised persons with access to client information.

Our firm (or our principals, officers, affiliates and employees) may act as investment adviser for others, may manage funds or capital for others, may have, make and maintain investments in our or their own names. In doing so, we may give advice, take action, and refrain from taking action, any of which may differ from advice given, actions taken or not taken, or the timing of any action, for any particular client.

Our officers and employees may buy or sell securities for their personal accounts identical to or different than those recommended to clients. It is our policy that no officer or employee shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

Subject to the Code of Ethics, our firm and our employees are permitted to trade for their own accounts side-by-side and in aggregated or block transactions with the firm's accounts or Subadvisory Accounts in the same securities, and at the same time. However, neither our firm nor our employees are permitted to trade for their own accounts on the same day in the same security with respect to which we receive from a client an unsolicited order to buy or sell unless the employee executing the trade on behalf of the firm or his or her own account was

unaware of the unsolicited client order at the time the order was placed. This policy does not apply to open-end mutual funds, US Government obligations, variable products, or CDs.

To supervise compliance with our Code of Ethics, we require that anyone associated with the firm who has access to information regarding client investment recommendations or transactions must provide an initial and annual securities holdings report and quarterly transaction reports to the firm's Chief Compliance Officer. Adviser requires such access persons to also receive approval from the Chief Compliance Officer prior to investing in any IPOs or private placements (limited offerings).

We require that all individuals must act in accordance with all applicable Federal and State regulations governing investment advisory activities. Our Code of Ethics also includes the firm's policy prohibiting the use of material non-public information. Any individual who fails to abide by our Code of Ethics may be subject to discipline. A copy of our Code of Ethics is available to advisory clients and prospective clients upon request to our Director of Compliance, at the address noted on the cover of this brochure.

## **Item 12 Brokerage Practices**

With respect to accounts or Subadvisory Accounts participating in one of the Programs, and for non-discretionary management accounts, our authority and discretion includes:

- the power to buy, sell, retain, exchange, and redeem investments, and exercise such other powers as we deem appropriate to manage and execute transactions for the account or Subadvisory Account in a manner consistent with the Program; and
- the power to engage such agents or independent contractors as we deem appropriate in connection with the performance of our services.

Any limitations on this discretionary authority must be in writing. You may change or amend your limitations or restrictions at any time.

Although we will have the authority to aggregate or block client orders placed with the same Custodian, such aggregated or block orders, if any, will be rare due to the Programs' investments in mutual funds and limitations of the systems for placing orders through the Custodians. To the extent any aggregated or block orders are placed, we will cause such orders to be effected through an average price account or similar account such that each account or Subadvisory Account at the same Custodian participating in the order shares in the securities purchased or sold, price, and transaction costs pro rata (unless pro rata would be unfair under the circumstances).

With respect to the Programs, we require that you direct us to place trades either directly with the mutual fund companies utilized as investments in the applicable Program, or through the Custodian (or its affiliate). For accounts or Subadvisory Accounts for which we manage variable annuity subaccounts through one or more Program strategies, you will direct Adviser to effect variable annuity subaccount exchanges through the variable annuity providers.

When you direct the use of the mutual fund companies or the Custodian, we will not have authority to negotiate commissions, ticket charges, or other expenses, among various brokers

on a trade-by-trade basis or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission or other charges may exist compared to other clients' accounts.

Non-discretionary management clients are required to direct the use of a particular broker-dealer for all trades in the clients' accounts.

Not all investment advisers require that clients direct the use of a particular broker-dealer, or Custodian for all trades. In some situations, these firms may obtain more favorable execution of client transactions. Because mutual funds are traded at the net asset value at the end of the trading day, however, we do not believe that our taking the authority to trade your account through a variety of broker-dealers would materially impact your trading costs.

Financial planning clients may implement the recommendations in the financial plan through a broker-dealer of their choice.

We participate in the Separate Account Network at Fidelity Institutional Wealth (FIW) Services, a program offered to independent investment advisers by Fidelity. Accounts in need of brokerage and custodial services will have Fidelity recommended to them; provided, the Primary Adviser makes all recommendations of brokers or custodians for the Subadvisory Accounts. We are independently owned and operated, and are not affiliated with Fidelity. As part of the FIW program, Fidelity provides us with access to its institutional trading and operations services, which are typically not available to Fidelity retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them. Fidelity's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment.

For accounts and Subadvisory Accounts maintained in its custody, Fidelity generally does not charge separately for custody. Fidelity is compensated by clients and accountholders either (i) through a quarterly fee based on a percentage of the account value, or (ii) through commissions or other transaction-related fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts. We regularly review our recommendation of FIW for its accounts to ensure the recommendation is reasonable. The Primary Adviser is responsible for reviewing the reasonableness of FIW for the Subadvisory Accounts. The FIW trading platform is essential to our service arrangements and capabilities with respect to the Subadvisory Accounts, and we may elect not to accept clients who direct the use of other brokers for a Subadvisory Account. As part of the FIW program, we receive benefits that we would not receive if we did not recommend such program. (See Item 14, below, regarding Additional Compensation).

## **Item 13    Review of Accounts**

**Reviews.** We continuously monitor and allocate all Program models according to our asset management system. Accounts and Subadvisory Accounts are reconciled daily by our management and administrative team to ensure that they are correctly allocated according to Program selected for that account or Subadvisory Account. In addition, the Financial Services

Firms and Representatives who solicit for us, as well as the Primary Adviser, may perform quarterly and annual reviews.

Non-discretionary management client accounts are reviewed quarterly or upon client request.

We encourage financial planning clients to have us review their plans at least annually or when conditions change that might affect the plan. We do not charge a fee to review a financial plan we prepared. Clients can engage us to update their plans for a fixed fee, with a minimum fee of \$500, and typically ranging from \$500 to \$5,000, depending on the nature and complexity of the clients' circumstances.

**Reports.** The Custodian provides statements to clients and accountholders not less than quarterly reflecting the transactions, fees, expenses, holdings, and balances in the Program accounts and Subadvisory Accounts. Taxable accounts will also receive a year-end tax summary from the Custodian. In some cases, the Financial Services Firm or Primary Adviser may also provide regular reports to clients or accountholders.

We do not provide ongoing reports to non-discretionary management clients.

We do not provide ongoing reports to financial planning clients, but these clients may have their plans updated as described above.

You will receive quarterly and/or monthly statements, indicating account value, holdings and transactions, from the Trust Company of America, insurance company, broker-dealer firm, or mutual fund companies (custodians).

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

### **REFERRAL ARRANGEMENTS**

We will pay the Financial Services Firm up to 60% of the annual Fee for the Financial Services Firm's solicitation and referral services. In turn, the Financial Services Firm will share a portion of the fees with the Representative. The Fee charged to a client who is referred by a Financial Services Firm will be no different than the fee the client would have been charged if the client had not been referred by a Financial Services Firm.

We are aware of the special considerations promulgated pursuant to Rule 206(4)-3 under the Investment Advisers Act of 1940, and any comparable state regulations. As such, we will make all appropriate disclosures, maintain all required written records, and observe all applicable laws and regulations. A Solicitor's Disclosure Document will be provided to each client by the Representative, and we will retain the client's signed acknowledgement of receiving our Form ADV Part 2A and the Solicitor's Disclosure Document.

Although the Primary Advisers refer Subadvisory Accounts to us for management services, we do not pay any referral fee or other compensation to the Primary Adviser for such referrals. Rather, the Primary Adviser engages us to manage the Subadvisory Accounts for the Fees described in Item 5 of this brochure. The Primary Adviser may increase its fees to include our Fees.

At one time, certain of our related persons referred clients to another investment adviser and received a fee for the referral. While they no longer refer clients to other advisers, they still receive fees from those advisers who continue to provide advice to clients we referred to them.

When acting as a solicitor, we will comply with the requirements of SEC Rule 206(4)-3.

We may receive an adviser servicing fee of 25 basis points (one-fourth of one percent) from Rydex Funds for client investments in certain classes of these funds. The Rydex Funds will be recommended to clients when consistent with the best interests of the client. A significant portion of the Program accounts will typically consist of investments in the Rydex Funds.

In addition to the additional compensation from the Rydex Funds, we also receive direct and indirect economic benefits and support for our meetings and conferences from other investment companies and insurance companies whose products are recommended to clients and in which the Program accounts and Subadvisory Accounts may be invested.

Our receipt of this additional compensation and economic benefits and support creates a conflict of interest and an incentive for us invest account and Subadvisory Account assets in the mutual funds or other products offered by Rydex or such other investment companies or insurance companies. While we endeavor to put the interest of our clients first as part of Adviser's fiduciary duty, the receipt of additional compensation itself creates a conflict of interest, and may affect our Adviser's judgment when making recommendations or investments.

TCA provides us with access to its institutional trading and operations services, which are typically not available to retail investors. TCA also makes available to us other products and services that benefit us but may not benefit our clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts, including software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts);
- facilitate payment of our fees from our clients' accounts; and
- assist with recordkeeping.

Many of these services generally may be used to service all or a substantial number of our accounts, including non-Program accounts, if any.

Fidelity makes available to us products and services that benefit us but may not benefit our clients. Some of these other products and services assist us in managing and administering accounts or Subadvisory Accounts. These include software and other technology that:

- provide access to client data (such as trade confirmations and account statements);
- facilitate trade execution (and allocation of aggregated trade orders for multiple accounts or Subadvisory Accounts);
- provide research, pricing information and other market data;
- facilitate payment of our fees from clients' accounts; and
- assist with back-office support, recordkeeping and other services.

Many of these services generally may be used to service all or a substantial number of Adviser's clients, including accounts not maintained at Fidelity.

Fidelity also makes available to us other services intended to help us manage and further develop our business. These services may include:

- consulting, publications and conferences on practice management;
- information technology;
- business succession;
- regulatory compliance; and
- marketing.

In addition, Fidelity may make available, arrange and/or pay for these types of services to us by independent third parties. Fidelity may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to us. As a fiduciary, we endeavor to act in its clients' best interests; however, our recommendation that accountholders maintain their assets in accounts at Fidelity may be based in part on the benefit to us of the availability of some of the foregoing products and services, and not solely on the nature, cost or quality of custody or brokerage services provided by Fidelity, which creates a potential conflict of interest.

We have not committed to place a certain amount assets under management or volume of transactions to any Custodian in exchange for any of the services listed above.

## **Item 15 Custody**

**Direct Debiting of Fees.** The Advisory Agreement and Subadviser Agreement will provide that the Custodian will pay our Fees upon receipt of our invoice, without further inquiry and without notifying or obtaining the client's, accountholder's, or Primary Adviser's consent. All fees will be shown on the monthly or quarterly statements provided by the Custodian to the client or accountholder.

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that we directly debit advisory fees from client accounts.

As part of this billing process, your Custodian is advised of the amount of the fee to be



deducted from that client's account. On at least a quarterly basis, your Custodian is required to send to you a statement showing all transactions within the account during the reporting period.

Because the Custodian does not calculate the amount of the fee to be deducted, it is important for you to carefully review your custodial statements to verify the accuracy of the calculation, among other things. You should contact us or your Representative if you believe that there may be an error in your Custodian's statement.

## **Item 16 Investment Discretion**

### **Program accounts**

We require that you grant us full authority and discretion, on your behalf and at your risk, to buy, sell, retain and exchange investments, and exercise such other powers as we deem appropriate to manage and execute transactions for the account so that the account continues to reflect the Program you have chosen.

We will have full discretion to adjust or change the asset classes which comprise any Program, the percentage which each asset class represents of each Program, the mutual funds or other securities comprising each asset class, and the third party, if any, that provides research, model portfolios, buy and sell signals, or other information or services used to manage any Program or accounts. We will also have the discretion to invest your account's assets in cash or cash equivalents, and may effect temporary sweep transactions of all uninvested cash balances in your account to a money market mutual fund, which may be managed by the Custodian or an affiliate of the Custodian.

### **Financial Planning**

We do not accept discretion over financial planning accounts.

## **Item 17 Voting Client Securities**

As a matter of firm policy and practice, we do not vote proxies on behalf of any account or Subadvisory Account. Clients, accountholders, or the Primary Adviser retain the responsibility for receiving and voting proxies for any and all securities maintained in any account or Subadvisory Account.

You are required to instruct your Custodian of the assets to forward copies of all proxies and shareholder communications relating to your investments directly to you or to another party you designate.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that has discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Purcell Advisory Services, LLC has no additional financial circumstances to report.

Purcell Advisory Services, LLC has not been the subject of a bankruptcy petition at any time during the past ten years.