

SEC Form ADV Part 2A:  
Firm Brochure  
Saling Simms Associates Inc.

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3/30/17

This Firm Brochure ("Brochure") provides information about the qualifications and business practices of SALING SIMMS ASSOCIATES INC. (SSAI). If you have any questions about the contents of this Brochure, please contact us at telephone 614-841-1881. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

SALING SIMMS ASSOCIATES INC. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

## **Item 2 – Material Changes**

This section describes the material changes to Saling Simms Associates Inc. (SSAI) Part 2A of form ADV (“Firm Brochure) since it’s last amendment on 3/30/2016. This Brochure has been prepared according to the U.S. Securities and Exchange Commission’s (“SEC”) disclosure requirements.

Since the last filing of this Brochure on March 30, 2016, there have been no material changes to SSAI’s Firm Brochure.

However, other changes have been made to this Brochure which are not specified in this summary. Consequently, we encourage you to read this Brochure in its entirety.

### **Item 3 -Table of Contents**

Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 3 -Table of Contents .....	iii
Item 4 - Advisory Business.....	1
Item 5 – Fees and Compensation.....	3
Item 6 – Performance-Based Fees and Side-By-Side Management .....	22
Item 7 – Types of Clients.....	22
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	22
Item 9 – Disciplinary Information .....	27
Item 10 – Other Financial Industry Activities and Affiliations .....	28
Item 11 – Code of Ethics .....	28
Item 12 – Brokerage Practices .....	29
Item 13 – Review of Accounts.....	30
Item 14 – Client Referrals and Other Compensation, Reimbursement .....	30
Item 15 – Custody.....	31
Item 16 – Investment Discretion.....	32
Item 17 – Voting Client Securities.....	32
Item 18 – Financial Information .....	33

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## **Item 4 – Advisory Business**

### Introduction

Saling Simms Associates, Inc. was established in 1983 and incorporated in 1988. We provide a holistic approach to financial planning and offer a range of investment advisory services to our clients.

Our services include review of all aspects of a client's current financial situation, with an emphasis on income tax planning, estate planning, insurance planning, retirement planning, and capital needs planning as well as asset management. To the extent other services are needed, we will assist the client in those areas in which we are competent to give advice.

Saling Simms Associates, Inc. may also help the client coordinate the information of any recommendations made. This includes the referral to other practicing professionals whose services may be required.

SSAI tailors its advisory services to the individual needs of the client by conducting initial interviews with the client and developing an investment strategy catered to each client's needs. SSAI works with clients to create an investment strategy suitable for their goals and objectives; including restrictions by the client that may be placed on certain securities.

SSAI also provides model portfolios and investment advisory services to defined contribution and defined benefit participants.

As of March 30, 2017 we help clients manage \$91,461,797 on a discretionary basis and \$46,309,276 on a non-discretionary basis.

### Additional Services

Saling Simms Associates also actively engages in preparation of taxes and tax planning, insurance and securities sales, and offers fixed annuities and advice on fixed annuities. The sales of insurance products are through the investment adviser representative's ("IAR") affiliation as an Agent with Saling Simms Associates Insurance Agency and Securities sales are done through the IAR's affiliation as a Registered Representative with RJFS.

Additionally, advice may be rendered regarding securities and/or financial planning through seminars. Such seminars may be used as an introduction to the financial planning process as noted above. Generally, seminars are offered to clients and guest for free, and may be sponsored by and investment or insurance company which does business with SSAI, or an affiliate. On some

occasions a fee may be charged. Any fees charged are fully disclosed in advance of the seminar or speaking engagement.

The advisor may from time to time issue special reports, charts, graphs, etc. to its clients. It may offer investment advice in manners not described above.

### **Termination of Advisory Services**

The client's advisory agreement with SSAI may be terminated by the client or SSAI at any time upon providing notice to the other party. There is no penalty for terminating the advisory agreement. Upon termination, the client will receive a refund of the portion of the prepaid asset-based fee which is not earned by SSAI. Termination of the advisory agreement will end the investment advisory relationship as it pertains to that account and SSAI will have no further obligation to recommend or take any action with respect to the securities or cash remaining in the account. Upon termination of the advisory agreement, clients may provide instructions to either liquidate the securities or to hold these securities in their brokerage account.

Should the client terminate their investment management agreement with an OSM Manager, SSAI will not be responsible for the OSM Manager's reimbursement of prepaid management fees not earned by the OSM Manager upon termination.

Accounts in the Ambassador and Passport programs are not for day trading or other extreme trading activity, including excessive options trading or trading in mutual funds based on market timing. As such, pursuant to the respective program's advisory agreement, SSAI reserves the right to terminate, in its sole discretion, any client account in these account programs that it feels has engaged in or exhibited excessive trading.

### **ASSET MANAGEMENT SERVICES**

Saling Simms Associates, Inc. provides investment advisory supervisory services under the following programs:

#### **1. PASSPORT Account**

The Passport Account is a fee-based advisory account, offered and administered by Raymond James, in which the client is provided with ongoing investment advice and monitoring of securities holdings. The client's financial advisor will supervise their account on a non-discretionary basis (or manage on a discretionary basis, provided certain qualifications are met), according to the client's investment objectives. This account offers clients the ability to pay an asset-based advisory fee and a transaction charge in lieu of a commission for each transaction.

## 2. AMBASSADOR Account

The Ambassador program is a wrap fee investment advisory account administered by Raymond James. Your IAR will manage your account on a discretionary or non-discretionary basis according to your objective.

This account offers you the ability to pay an asset based advisory fee which includes transaction costs within the advisory fee in lieu of a commission for each transaction.

SSAI receives a portion of the fee. For further information refer to the current Wrap Fee Program Brochure.

### Accounts Managed By Other Asset Managers

#### 1. RAYMOND JAMES CONSULTING SERVICES

Raymond James Consulting Services (RJCS), a division of RJA, selects portfolio managers (“sub-advisors”) for the RJCS program, establishes custodial facilities, monitors performance of Client accounts, provides Clients with accounting and other administrative services and assists portfolio managers with certain trading activities. Based upon the Client’s financial needs and investment objectives, the IAR assists the Client in selecting the appropriate sub-advisor(s). The Investment Management Agreement is solely between RJA and the Client, and there is no direct agreement between the sub-advisor and the Client. Clients may contact the sub-advisor, but generally do so through their IAR or the RJCS Client Services Department. For further information, refer to the RJA Wrap Fee Program Brochure.

#### 2. The FREEDOM Account (“FREEDOM”)

The Freedom Account is an investment advisory account which allocates Client assets, through discretionary mutual fund or exchange traded fund (“ETF”) management, based upon your financial objectives and risk tolerances. You appoint Raymond James as your investment adviser to select the representative funds and monitor their performance on a continuing basis. Your IAR receives a portion of the fee. For further information, refer to the RJA Wrap Fee Program Brochure.

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

Fees charged for the full financial planning services vary and will be dependent upon the nature and the size of the overall client relationship, anticipated time and complexity of the plan, the level and type of advisory or other financial services being expected to be provided. The fees are determined in advance and disclosed to the client prior to the time the Financial Planning Agreement is executed. Asset management fees will be based on the investment advisory account that the client requests. The fees associated with each account are outlined in the Asset Management Services section. Rarely will a fee quoted depart from the established fee schedule

but exceptional circumstances may dictate a higher or lower fee. It is possible that a client of Saling Simms Associates, Inc. may pay more or less for similar services than another client.

The fees are payable as follows:

- Hourly rates for plan development or consultation including seminars: \$85-\$180
- Fixed fees for plans will run between \$200-\$3000 depending on the complexity and comprehensiveness of the plan.
- Asset Management fees will be based on the type of account utilized and will be outlined in the signed Passport, Ambassador, Freedom or RJCS account brochure. Minimum account size \$25,000 (some exceptions may apply)

Saling Simms Associates, Inc. provides accounts through RJFS including Passport, Ambassador, Raymond James Consulting Services, and Freedom in which the client is provided with on-going investment advice and monitoring with respect to their security holdings. The account types are allocated and managed to match the client's objectives. The client is provided with quarterly summaries and performance analysis: There may be a nominal transaction charge for executing trades which are outlined in each respective account brochure. Some mutual funds will have a transaction charge. Refer to current Passport and Freedom agreements for fees associated with these accounts.

For mutual funds which provide RJFS 12-b-1 fees or an administration expense fee covering the cost of processing transactions no transaction charge is paid by the account. Both such fees are provided for in the mutual fund prospectus. Additionally, mutual funds may from time to time direct trades through the broker/dealer as a consideration for the broker/dealer processing mutual fund transactions for the client.

Fees are subject to reduction based upon the nature of the services provided. Fees are paid quarterly in advance based upon the ending market value of the account on the last day of the previous quarter.

Unless otherwise indicated, asset-based advisory fees are calculated based on an incremental pricing schedule. For example, an account valued at \$1,000,000 would be charged under the standard pricing schedule as follows (sample):

First \$500,000 in assets charged at 2.25%

Next \$500,000 in assets charged at 1.75% = \$20,000 annualized fee (2.00% annualized rate)

## ASSET MANAGEMENT SERVICES:

### 1) PASSPORT

The Passport Account (“Passport”) is an investment advisory account, administered by RJA, which offers you, on a non-discretionary basis (or discretionary, provided certain qualifications are met), the ability to pay an advisory fee on the assets in your account and a nominal transaction charge in lieu of a commission for each transaction.

ACCOUNT VALUE	ANNUAL FEE
First \$500,000	2.25%
Next \$500,000	1.75%
Next \$4,000,000	1.25%
Amounts over \$5,000,000	1.00%

*\* SSAI will cap the investment fee for Discretionary Passport accounts under \$1 million at a maximum of 1.5% and accounts over \$1 million will be capped at 1.2%.*

Certain SSAI IARs may elect to charge a negotiated fee which exceeds the fee schedules above. In such cases, modifications must be accepted by SSAI.

For purposes of calculating and assessing asset-based fees, SSAI uses the term “Account Value”, which may be different than the asset value as reported on brokerage statements provided by SSAI to clients. Pursuant to the investment management or advisory agreement, Account Value is defined as the total absolute value of the billable securities in the Account, long or short, plus all credit balances, with no offset for any margin or debit balances. Please see Item 13, “Review of Accounts” for details on the account valuation methodology employed by SSAI when calculating asset based fees.

The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value as of the last business day of the previous calendar quarter, and becomes due the following business day. If cash or billable securities, or a combination thereof, amounting to at least \$100,000, are deposited to or withdrawn from your account on an individual business day in the first two months of the quarter, Raymond James will: (i) assess asset-based fees based on the value of the assets on the date of deposit for the pro rata number of days remaining in the quarter, or (ii) refund prepaid asset-based fees based on the value of the assets on the date of withdrawal for the pro rata number of days remaining in the quarter. No additional asset-based fees or adjustments to previously assessed asset-based fees will be made in connection with deposits or withdrawals that occur during the last month of the quarter unless requested by you. Notwithstanding the above \$100,000 adjustment threshold, Raymond James reserves the right, in its sole discretion, to process or not process fee adjustments when the source and destination of deposits and withdrawals involve a client’s other fee-based advisory accounts. For example, a transfer of \$100,000 into a joint Passport account funded from two \$50,000 withdrawals from separate Ambassador accounts



will have the \$100,000 billed in their joint Passport account and each of the Ambassador accounts will be refunded previously assessed fees on the separate \$50,000 withdrawals for the pro rata period remaining in the quarter.

You authorize and direct RJA as Custodian to deduct asset-based fees from your account; you further authorize and direct the Custodian to send a quarterly statement to you which shows all amounts disbursed from your account, including fees paid to SSAI. You understand that the brokerage statement will show the amount of the asset-based fee. Please see Item 13, “Review of Accounts - Brokerage Statement and Performance/Billing Valuation Value Differences for Fee-Based Accounts” for details on the account valuation methodology employed by SSAI when calculating asset-based fees.

The asset-based fees associated with the Passport account include all execution and clearing charges except: (1) certain dealer-markups and odd lot differentials, transfer taxes, exchange fees mandated by the Securities and Exchanges Act of 1934 and any other charges imposed by law with regard to any transactions in the account; and (2) offering concessions and related fees for purchases of public offerings of securities as more fully disclosed in the prospectus.

Additionally, there is a nominal Processing Fee for the execution of each trade, as follows:

SECURITY TYPE	PROCESSING FEE
Exchange Traded Equities: Listed and OTC (common & preferred)	\$9.95
Open End Mutual Funds (applicable to purchases only)*	
Participating Funds	Waived
Partner Funds	\$30.00
Non-Partner Funds	\$40.00
Closed End and Exchange Traded Funds	\$9.95
Real Estate Investment Trusts/Unit Investment Trusts	\$9.95
Options Contracts	\$30.00
Bonds: Government, Corporate, Municipal and Mortgage-Backed	\$30.00

\*Select fund companies have agreed to pay administrative fees to Raymond James in consideration for Raymond James’ waiver of the \$30 Processing Fee assessed on certain Passport Account mutual fund purchases (“Participating Funds”). Select fund companies have agreed to pay marketing service and support fees to Raymond James (“Partner Funds”). “Non-Partner Funds” do not participate in Raymond James’s Education and Marketing Support program. Effective January 1, 2015, the above Processing Fees will be applied to purchases of Partner and Non-Partner Funds. ERISA Plan and SIMPLE IRA accounts will be charged \$30 for Partner and Non-Partner Fund purchases. Please note that funds may change their Participating, Partner or Non-Partner status at any time, so please consult with your financial advisor to verify their status periodically. Please refer to the “Client Referrals and Other Compensation” section for additional information regarding Participating Funds and Partner Funds.

In addition to the foregoing Processing Fee, you will incur a charge in the amount of \$5.95 per transaction for handling charges. You may also incur charges for other account services provided by RJA not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for legal or courtesy transfers of securities.

Your Agreement may be terminated by you or us at any time upon providing notice pursuant to the provisions of your Agreement. In the event of termination of your Agreement, we will refund to you the prorated portion of the fee for the quarter of termination. There is no penalty for terminating your agreement.

There is a minimum initial investment of \$25,000 for Passport accounts.(some exceptions may apply)

## **2) Ambassador Program**

*\*SSAI will cap the investment fee for Discretionary Ambassador accounts under \$1 million at maximum of 1.5% and accounts over \$1 million will be capped at 1.2%*

### **Asset Based Fees**

For purposes of calculating and assessing asset-based fees, Raymond James uses the term “Account Value”, which may be different than the asset value as reported on brokerage statements provided to clients by Raymond James. Pursuant to the investment management or advisory agreement, Account Value is defined as the total absolute value of the securities in the Account, long or short, plus all credit balances, with no offset for any margin or debit balances. Please see “Review of Accounts – Brokerage Statement and Performance/Billing Valuation Differences for Fee-Based Accounts” for details on the account valuation methodology employed by Raymond James when calculating asset-based fees.

The annual asset-based fees associated with the aforementioned account programs are payable quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the Account Value as of the last business day of the previous calendar quarter, and becomes due the following business day.

If cash or securities, or a combination thereof, amounting to at least \$100,000 are deposited to or withdrawn from a client’s account on an individual business day in the first two months of the quarter, Raymond James will: (i) assess asset-based fees based on the value of the assets on the date of deposit for the pro rata number of days remaining in the quarter, or (ii) refund prepaid

asset-based fees based on the value of the assets on the date of withdrawal for the pro rata number of days remaining in the quarter. No additional asset-based fees or adjustments to previously assessed asset-based fees will be made in connection with deposits or withdrawals that occur during the last month of the quarter unless requested by the client. Notwithstanding the above \$100,000 adjustment threshold, Raymond James reserves the right, in its sole discretion, to process or not process fee adjustments when the source and destination of deposits and withdrawals involve a client's other fee-based advisory accounts. For example, a transfer of \$100,000 into a joint RJCS account funded from two \$50,000 withdrawals from separate Ambassador accounts will have the \$100,000 billed in their joint RJCS account and each of the Ambassador accounts will be refunded previously assessed fees on the separate \$50,000 withdrawals for the pro rata period remaining in the quarter.

The client authorizes and directs Raymond James as custodian to deduct asset-based fees from their account. Clients will be provided brokerage statements, at least quarterly, showing all amounts disbursed from the client's account, including the amount of the asset-based fee, the Account Value on which the fee was based, and the manner in which the fee was calculated.

The asset-based fees associated with the above advisory account programs include all execution and clearing charges except: (1) certain dealer-markups and odd lot differentials, taxes, exchange fees charged to clients to offset fees Raymond James pays to exchanges and/or regulatory agencies on certain transactions and any other charges imposed by law with regard to any transactions in the account; and (2) offering concessions and related fees for purchases of public offerings of securities as more fully disclosed in the prospectus.

Should the client transfer management duties from one SMA Manager to another SMA Manager within the RJCS or EHNW programs, any prepaid asset-based fees will be reimbursed for the period not earned by the previous SMA Manager and billed for the remainder of the period for the newly designated SMA Manager.

Employees of Raymond James or its affiliates are eligible for lower management fee arrangements for their personal accounts.

#### **ADMINISTRATIVE-ONLY ASSETS**

Certain securities may be held in the client's Ambassador or Passport account and designated "Administrative-Only" assets. Administrative-Only assets may be designated as such by financial advisors that do not wish to collect an advisory fee on certain assets or by Raymond James in conformance with internal policy. For example, a financial advisor may make an arrangement with a client that holds a security that the financial advisor did not recommend or the client wishes to hold for an extended period of time and does not wish for their financial advisor to sell for the foreseeable future. In such cases the financial

advisor may elect to waive the advisory fee on this security, but allow it to be held in the non-managed advisory account. Alternatively, Raymond James may determine that certain securities may be held in an advisory account but are not eligible for the advisory fee (such as for mutual funds purchased with a front-end sales charge through Raymond James within the last two years). Such designated assets will not be assessed an advisory fee. Administrative-Only assets will be included in the Account Value when calculating applicable asset-based advisory fee rates. For example, a client whose Ambassador Account Value is \$550,000 and is comprised of \$50,000 of Administrative-Only assets will have the asset-based fee rate assessed based on a \$550,000 Account Value, however this rate will only be assessed to \$500,000 of the eligible assets in the account, as follows:

First \$500,000 in assets charged at 2.5%  
Next \$50,000 in assets charged at 1.75% =  
\$12,125 annualized fee (2.20% annualized rate)

$\$550,000 \text{ less } \$50,000 \text{ of Administrative only assets} \times 2.20\% = \$11,000 \text{ annual fee}$   
 $(\$11,000 / \$550,000 = 2.00\% \text{ overall annualized rate on total Account Value})$

#### **ASSET-BASED FEE AGGREGATION–**

Participants in the above programs may be entitled to discounted asset-based fees if they maintain one or more eligible Related Accounts within these programs.

Related Accounts are accounts of an individual, his or her spouse, and their children under the age of twenty-one. The term includes individually owned accounts, individual retirement accounts (IRAs), self-directed accounts (i.e., directed by individual participants) under an employee benefit plan (ERISA plan) and ERISA plan accounts in which an individual is the sole participant. Thus, Related Accounts participating in the fee aggregation program may be aggregated for advisory fee purposes, so that each account will pay a fee that is calculated on the basis of the Relationship Value (total of all Related Accounts). It is the client's responsibility to identify all Related Accounts for purposes of qualifying for an aggregated account fee discount. While Raymond James may attempt to identify Related Accounts, it will not be responsible for failing to consider any Related Accounts not listed by the client.

#### **Billing on Cash Balances**

Raymond James generally assesses advisory fees on cash sweep balances (“cash”) held in Passport and IMPAC accounts, provided the cash balance does not exceed 20% of the total Account Value. If the cash balance is greater than 20% of the Account Value as of the last business day of the

quarter (the “valuation date”), Raymond James will bill on the full cash balance provided cash did not comprise greater than 20% of the billable Account Value for three consecutive quarterly valuation dates. If the cash balance exceeded 20% of the cash balance for three consecutive quarterly valuation dates, the amount in excess of 20% is excluded from billing. For example, a Passport or IMPAC account that held 30% of the Account Value for three consecutive billing valuation dates (March 31st, June 30th and September 30th) would have the amount in excess of 20% excluded from the Account Value in which advisory fees are applied. For simplicity of illustration, assuming an account was valued at \$100,000 for all three quarterly billing periods, with \$30,000 held in cash, the September 30th valuation date would exclude \$ 10,000 of the cash from the Account Value when assessing the advisory fee. If you participate in the IMPAC program and have one or more related accounts, you may request the 20% threshold be applied to the aggregate household cash value for fee purposes, not to each individual account as is done in Passport. This fee billing provision (or “Cash Rule”) is intended to equitably assess advisory fees to your assets for which an ongoing advisory service is being provided, and the exclusion of excess cash from the advisory fee is intended to benefit your holding substantial cash balances (as a percentage of the total individual account value) for an extended period of time. However, this provision poses a financial disincentive to your IAR, as cash will not be included in the asset-based fee charged to the account. You should understand that the portion of the account held in cash will experience negative performance if the applicable advisory fee charged is higher than the return received on the cash sweep balance.

The aforementioned Cash Rule is applicable only to cash sweep balances and, therefore, non-sweep money market investments would not result in excess “cash” balances being excluded from the asset-based advisory fee calculation. As a result, non-sweep money market mutual fund investments are generally prohibited as an investment option in fee-based accounts. However, certain money market mutual funds may be approved as an investment option, but will be designated as Administrative-Only assets as long as those investments are held in a fee-based account. Neither RJFSA nor your IAR will receive fee-based compensation on these investments, but may receive compensation in the form of a 12(b)-1 fee or trail. Please contact your IAR for additional information.

## **INVESTMENT OF CASH RESERVES**

Raymond James has established a system in which cash reserves “sweep” daily to and from your investment account to cover purchases or to allow excess cash balances to immediately begin earning interest, subject to certain minimum balances. The account in which these cash reserves are held is considered your sweep account. Available sweep options include the Raymond James Bank Deposit Program (“RJBDP”), the Client Interest Program (“CIP”) sponsored by Raymond James, and a proprietary class of money market funds (the “Eagle Class - JP Morgan Money Market Funds”) of the JP Morgan Prime Money Market Fund and JP Morgan Tax Free Money Market Fund, managed by J.P. Morgan Investment Management, Inc. (“J.P. Morgan”) and offered

by Eagle. You may select RJBDP, CIP, the Eagle Class - JP Morgan Money Market Funds, or any combination thereof.

With respect to cash reserves of advisory client accounts, the custodian of the account assets will determine where cash reserves are held. The custodian may offer one or multiple options to different account types (such as non-taxable and managed accounts). In addition, the custodian may, among other things, consider terms and conditions, risks and features, conflicts of interest, current interest rates, the manner by which future interest rates will be determined, and the nature and extent of insurance coverage (such as deposit protection from the Federal Deposit Insurance Corporation (“FDIC”) and Securities Investor Protection Corporation (“SIPC”)). The custodian may change an investment option at any time by providing you with thirty (30) days advance written notice of such change, modification or amendment.

If you select the RJBDP option you are responsible for monitoring the total amount of deposits held at each Bank in order to determine the extent of FDIC insurance coverage available. Raymond James is not responsible for any insured or uninsured portion of your deposits at any of the Banks.

Raymond James Bank and the interest rate it offers may differ from the yield on the Eagle Class - JP Morgan Money Market Funds and CIP, but Raymond James Bank generally earns more than the interest it pays on such balances. The Eagle Class - JP Morgan Money Market Funds are offered by Eagle through an agreement with J.P. Morgan. Under the agreement, Eagle, Eagle Fund Services, Inc. and Eagle Fund Distributors, Inc. (together, the “Eagle Affiliates”), and Raymond James and its affiliate RJFS are compensated by the Eagle Class - JP Morgan Money Market Funds and J.P. Morgan for, among other things, distribution costs, shareholder record-keeping activities, and the coordination and administration of the funds. Raymond James generally earns a higher rate of interest on CIP balances than the interest rate it pays on such balances. The income earned by the Eagle Affiliates and Raymond James is in addition to the asset-based fees that Raymond James receives from these accounts.

Where an unaffiliated third party acts as custodian of account assets, you and/or the custodian will determine where cash reserves are held.

Cash balances arising from the sale of securities, redemptions of debt securities, dividend and interest payments and funds received from customers are transferred automatically on a daily basis to your cash sweep account. When securities are sold, funds are deposited on the day after settlement date. Funds placed in your account by personal check usually will not be transferred to the sweep account until the second business day following the day that the deposit is credited to your investment account. Due to the foregoing practices, Raymond James may obtain federal funds prior to the date that deposits are credited to your investment account and thus may realize some benefit because of the delay in transferring such funds to their interest-bearing cash sweep account.

For further information, please refer to “The Raymond James Cash Sweep Programs” brochure, a copy of which is available from your IAR, or you may visit the Raymond James public website: [http://www.raymondjames.com/cash\\_sweep.htm](http://www.raymondjames.com/cash_sweep.htm).

## **OTHER CONSIDERATIONS**

On occasion, there may be instances in which a financial advisor of RJA will establish a portfolio management or consultation relationship with a financial advisor of RJFS or RJFSA, a registered broker/dealer and investment adviser, respectively, and corporate affiliates of RJA. The RJA financial advisor will also be a registered securities representative of RJA. The RJA financial advisor may act in a consulting role to the client, who has been referred by a financial advisor of RJFS or RJFSA. However, the RJA financial advisor may act as the client’s primary advisory representative and may refer the client to a financial advisor of RJFS or RJFSA, who serves as their consultant. The client will be charged an advisory fee by the RJA or RJFS/RJFSA financial advisor, which is shared with the affiliated financial advisor.

### **Additional Expenses Not Included in the Asset-Based Advisory Fee**

Clients may also incur charges for other account services provided by SSAI not directly related to the advisory, execution and clearing services provided including, but not limited to, IRA custodial fees, safekeeping fees, charges/interest for maintenance of margin and/or short positions, and fees for legal or courtesy transfers of securities. For a complete list of account service charges, please contact your financial advisor or visit Raymond James’ public website:

[http://www.raymondjames.com/services\\_and\\_charges.htm](http://www.raymondjames.com/services_and_charges.htm) (Client Account Services and Charges).

Certain open-end mutual funds that may be acquired by you, in addition to assessing management fees, internally assess a distribution fee pursuant to section 12(b)-1 of the Investment Company Act of 1940, or an administrative or service fee (“trail”). Trails are included in the calculation of operating expenses of a mutual fund and are disclosed in the fund prospectus. Your IAR may receive trails in addition to any advisory fee assessed in your account. The existence of a 12(b)-1 fee is disclosed in the mutual fund prospectus.

Clients should understand that the annual advisory fees charged in the aforementioned programs are in addition to the management fees and operating expenses charged by open-end, closed-end and exchange-traded funds. To the extent that a client intends to hold fund shares for an extended period of time, it may be more economical for the client to purchase fund shares outside of these programs. Clients may be able to purchase mutual funds directly from their respective fund

families without incurring the SSAI advisory fee, or where applicable, processing fees. When purchasing directly from fund families, clients may incur a front- or back-end sales charge.

Clients should also understand that the shares of certain mutual funds offered in these programs may impose short-term trading charges for redemptions (typically 1%-2% of the amount redeemed) made within short periods of time. These short-term charges are imposed by the funds (and not SSAI) to deter “market timers” who trade actively in fund shares. Clients should consider these short-term trading charges when selecting the program and/or mutual funds in which they invest. These charges, as well as operating expenses and management fees, may increase the overall cost to the client by 1%-2% (or more), and are available in each fund’s prospectus. Please refer to the “Client Referrals and Other Compensation” section for additional information regarding mutual funds available for investment through Raymond James.

Clients should be aware that exchange traded funds (“ETFs”) incur a separate management fee, typically 0.20%-0.40% of the fund’s assets annually (although individual ETFs may have higher or lower expense ratios), which is assessed by the fund directly and not by SSAI. This management fee is in addition to the ongoing advisory fee assessed by SSAI, and will generally result in clients which utilize an SMA Manager or Investment Strategy that invests in ETFs paying more than clients utilizing one that does not invest in ETFs, without taking into effect negotiated asset-based fee discounts, if any. Certain ETFs may be classified as partnerships for U.S. federal income tax purposes, which may result in unique tax treatment, including Schedule K-1 reporting. Prospective or existing RJCS, EHNW, Freedom or Freedom UMA clients should consult their tax adviser for additional information regarding the tax consequences associated with the purchase, ownership and disposition of such investments. Additional information is also available in the ETF prospectus, which is available upon request.

Certain no-load variable annuities may be purchased in or transferred into accounts in the Ambassador and Passport programs and may be charged an asset-based advisory fee. The annual advisory fees charged for these no-load variable annuities are in addition to the management fees and operating expenses charged by the insurance companies offering these products.

In the event an SMA Manager elects to utilize brokers or dealers other than Raymond James to effect a transaction in a recommended security (“trade away” from Raymond James), brokerage commissions and other charges for transactions not effected through Raymond James are generally charged to the client by the executing broker or dealer, whereas the wrap fee assessed by Raymond James covers the cost of brokerage commissions on transactions effected through Raymond James. Please refer to the “Brokerage Practices – Directed Brokerage and Trade Execution” section for additional information regarding trades executed away from Raymond James.



### **Additional bundled service cost considerations**

A client's total cost of each of the services provided through these programs, if purchased separately, could be more or less than the costs of each respective program. Cost factors may include the client's ability to:

1. Obtain the services provided within the programs separately with respect to the selection of mutual funds,
2. Invest and rebalance the selected mutual funds without the payment of a sales charge, and
3. Obtain performance reporting comparable to those provided within each program.

When making cost comparisons, clients should be aware that the combination of multiple mutual fund investments, advisory services, custodial and brokerage services available through each program may not be available separately or may require multiple accounts, documentation and fees. If an account is actively traded or the client otherwise does not qualify for reduced sales charges for fund purchases, the fees may be less expensive than separately paying the sales charges and advisory fees. If an account is not actively traded or the client otherwise would qualify for reduced sales charges, the fees in these programs may be more expensive than if utilized separately. The client's financial advisor may have a financial incentive to recommend a fee-based advisory program rather than paying for investment advisory services, brokerage, performance reporting and other services separately. A portion of the annual advisory fee is paid to the financial advisor, which may be more than the financial advisor would receive under an alternative program offering of Raymond James or if the client paid for these services separately. Therefore, the client's financial advisor may have a financial incentive to recommend a particular account program over another. Financial advisors do not receive a financial incentive to recommend and sell proprietary mutual funds versus non-proprietary funds. However, because compensation structures vary by product type, financial advisors may receive higher compensation for certain product types. In addition, your financial advisor may receive incentive compensation for utilizing a particular advisory program. Please refer to the "Client Referrals and Other Compensation" section for information regarding additional asset-based compensation to financial advisors.

SSAI believes the charges and fees offered within each fee-based program are competitive with alternative programs available through other firms and/or investment sources, yet makes no guarantee that the aggregate cost of a particular program is lower than that which may be available elsewhere.

### **Financial Planning and Consulting Services**

Financial Planning and consulting fees are negotiable. Fees charged for these services will be dependent upon the anticipated time to provide the services and complexity of the plan and/or your financial situation. The fees are determined in advance and disclosed to you at the

time the Investment Advisory Consulting Agreement is executed. It is possible that you may pay more or less for similar services than may be available through another firm.

The fees for financial planning and consulting services are payable as follows:

1. Hourly rates for plan development or consultation are due at the completion of the plan or services provided.
2. Fixed fees for plans or consulting services vary depending on the complexity and comprehensiveness of the plan or consulting services rendered.
3. Billing as a percentage of assets is used for assets held outside of RJFS, such as 401K accounts held directly with the plan sponsor or accounts held at other financial institutions. Services rendered and the fees charged are disclosed in each Investment Advisory Consulting Agreement.

You may terminate the advisory relationship without penalty within five (5) days of entering into the advisory agreement. However, SSAI may bill you for actual time and expenses incurred prior to termination.

It is important to note that we may provide investment product or securities recommendations as part of financial planning services or hourly consulting services. This will present a conflict to the extent that your IAR receives compensation from such recommendations. Also, compensation to your IAR and SSAI may vary depending on the product or service your IAR recommends. Therefore, your IAR may have a financial incentive to recommend that financial plan or consulting advice be implemented using a particular product or service over another product or service.

You are under no obligation to purchase securities or services through SSAI and your IAR nor are you obligated to implement a financial plan through SSAI. If you decide to purchase certain investments through your IAR, who is acting in a non – advisory capacity, you should understand that SSAI and your IAR may receive compensation for those services, such as commissions and/or trail fees. You should discuss with your IAR how SSAI and your IAR will be compensated for any recommendations in the plan.

If you decide to implement the financial plan or consulting advice through an SSAI advisory program or service, your IAR will provide you at the time of engagement with a client agreement that will contain specific information about fees and compensation that your IAR and SSAI will receive in connection with that program.

You should also understand that SSAI and your IAR may perform advisory and/or brokerage services for various other clients. SSAI and your IAR may give advice or take actions for those

other clients that differ from the advice given to you. Also, the timing or nature of any action taken for your account may be different. You should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

*\*Some fees are subject to negotiation.\**

When a separate investment advisory agreement is needed the specific manner in which fees are charged by Saling Simms Associates is established in a client's written agreement with Saling Simms Associates. Saling Simms Associates will generally bill its fees on a quarterly basis. Clients may elect to be billed in advance or arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize Saling Simms Associates to directly debit fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Saling Simms Associates' fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Saling Simms Associates' fee, and Saling Simms Associates shall not receive any portion of these commissions, fees, and costs.

You should also understand that certain no-load variable annuities may be offered in the Passport and Ambassador programs and may be charged an advisory fee. The annual advisory fees charged for these no-load variable annuities are in addition to the management fees and operating expenses charged by the insurance companies offering these products.

You should understand that certificates of deposit ("CD"s) from Raymond James Bank may be purchased, with a commission, in the Passport or Ambassador programs. These CDs are considered non-billable assets for one year. Due to your IAR's affiliation with Raymond James Financial (NYSE-RJF) and Raymond James Bank, being a wholly owned subsidiary of Raymond James Financial, Inc. (NYSE-RJF), a potential conflict of interest may exist.

You should also understand that more sophisticated investment strategies such as short sells and margins may be offered in the Passport and Ambassador programs. Fees for advice and execution on these securities are based on the total asset value of the account. While a negative amount may

show on your statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This could create a conflict of interest where your IAR may have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved. In the cases where margin debit interest is charged to your account, your IAR may receive a portion of the interest charged as a Controlled Asset Fee, presenting a potential conflict of interest.

Your total cost of each of the services provided through these programs, if purchased separately, could be more or less than the costs of each respective program. Cost factors may include your ability to:

1. obtain the services provided within the programs separately with respect to the selection of mutual funds,
2. invest and rebalance the selected mutual funds without the payment of a sales charge, and
3. obtain performance reporting comparable to those provided within each program.

When making cost comparisons, you should be aware that the combination of multiple mutual fund investments, advisory services, and custodial and brokerage services available through each program may not be available separately or may require multiple accounts, documentation and fees. If an account is actively traded or you otherwise may not qualify for reduced sales charges for fund purchases, the fees may be less expensive than separately paying the sales charges and advisory fees. If an account is not actively traded or you otherwise would qualify for reduced sales charges, the fees in these programs may be more expensive than if utilized separately.

Further information regarding fees assessed by a mutual fund, variable annuity or UIT is available in the appropriate prospectus, which you may request from your IAR.

The mutual funds and ETFs available in the programs often may be purchased directly. Therefore, you could avoid the second layer of fees by not using the investment advisory account and making your own decisions regarding the investment.

You should be aware that only those mutual fund companies which RJFS has a selling agreement with will be available for purchase within the Passport and IMPAC programs, and are generally limited to those fund companies that provide RJFS and its affiliates marketing service and support fees. As a result, not all mutual funds available to the investing public will be available for investment. However, RJFS has selling agreements with over 300 fund companies, offering over 9,000 separate mutual funds for potential investment.

If you are considering transferring mutual fund shares to or from Raymond James you should be aware that if the firm from or to which the shares are to be transferred does not have a selling agreement with the fund company, you must either redeem the shares (paying any applicable contingent deferred sales charge and potentially incurring a tax liability) or continue to maintain an investment account at the firm where the fund shares are currently being held. You should inquire as to the transferability, or “portability”, of mutual fund shares prior to initiating such a transfer. The AMS Investment Committee may invest in funds or share classes not available outside of managed account programs such as the Freedom or Freedom UMA programs. For example, a fund company may agree to allow the AMS Investment Committee to buy an institutional share class of a fund for Freedom program accounts, while restricting individual client-directed purchases of the same share class in non-managed retail accounts. Upon termination of their Freedom or Freedom UMA account, you would generally be permitted to continue holding the institutional class of the fund, but will be unable to make additional investments. In addition, upon termination of an account holding Separately Managed Account (“SMA”) Fund shares purchased in a managed account through RJA, these shares will be redeemed immediately by RJA, as they may not be held outside of an SMA account. Please refer to the “Methods of Analysis, Investment Strategies and Risk of Loss” section for additional information regarding SMA Funds.

Raymond James provides a variety of marketing and other sales support services to mutual fund companies related to their mutual funds which depend on the tier level of the mutual fund company - Premier, Preferred, or Partner. The participants in the three tiers in Education and Marketing Support Program were selected based on a number of quantitative and qualitative factors. These services include, but are not limited to, providing detailed mutual fund information to financial advisors, assisting mutual fund companies with strategic planning support, inclusion in the no Transaction Fee Platform, and providing opportunities for assisting with professional development workshops, study groups, and other events and conferences. The level of support and types of services provided are commensurate with the tier level and increase at higher tiers.

Raymond James also provides distribution support for prospectuses and promotional materials relating to their mutual funds. The marketing service and support fees come in a variety of forms, including payments which are sometimes referred to as “revenue sharing” fees and 12b-1 fees. This compensation may not be disclosed in detail in a mutual fund’s prospectus or Statement of Additional Information. The following schedule gives you an idea of the potential level of marketing support or revenue sharing fees that Raymond James receives from a particular mutual fund group:

- up to 0.14% on mutual fund share purchases (e.g., \$14 for a \$10,000 purchase) and/or
- up to 0.30% per year on mutual fund assets

The actual amounts that Raymond James receives will vary from one mutual fund Company to another and investments in certain asset classes and/or mutual fund types may be excluded from the above formulas.

For a list of fund companies that have agreed to participate in Raymond James' current Education and Marketing Support program, please visit:

[http://www.raymondjames.com/disclosure\\_mutual\\_funds\\_co.htm](http://www.raymondjames.com/disclosure_mutual_funds_co.htm).

Mutual fund companies that are indicated with an asterisk (\*) have also agreed to participate in the No Transaction Fee (NTF) Platform.

Marketing representatives of mutual fund companies, who are often referred to as "wholesalers", work with Raymond James financial advisors and their branch office managers to promote their mutual funds. Consistent with applicable laws and regulations, these mutual fund companies may pay for or provide training and education programs for Raymond James' financial advisors and their existing and prospective clients. Mutual fund companies may also pay for due diligence meetings, conferences, relationship building events, occasional recreational activities and other events or activities that are intended to result in the promotion of their mutual funds.

Mutual fund companies with mutual funds electronically linked or "networked" with a broker/dealer's account system or with mutual funds available through a broker/dealer's fee-based account programs often reimburse broker/dealers for a portion of their account servicing and administrative costs, which may include accounting, statement preparation and mailing, tax reporting and other shareholder services. Networking is a service that enables data sharing between Raymond James and mutual fund providers and/or their transfer agents. Raymond James currently receives up to \$20 annually in servicing fee reimbursements per each client mutual fund position. RJFSA IARs do not receive any part of these payments.

For a list of fund companies that have agreed to pay Raymond James networking or servicing fees, please visit: [http://www.raymondjames.com/disclosure\\_mutual\\_funds.htm](http://www.raymondjames.com/disclosure_mutual_funds.htm).

In addition, you may write to us to request a list (either Raymond James' Education and Marketing Support program or of fund companies that have agreed to pay Raymond James networking or servicing fees) at:

RJFSA Compliance  
880 Carillon Parkway  
St. Petersburg, FL 33716

You may also call RJFSA Compliance at telephone number 800-237-8691, extension 75877 or email us at [RJFSAcompliance@raymondjames.com](mailto:RJFSAcompliance@raymondjames.com).

Mutual fund companies will also pay Raymond James fees to provide shareholder liaison services to you. These shareholder services may include responding to your inquiries and providing information on your investments. Raymond James may receive these shareholder services fees in amounts not to exceed 0.25% annually of the assets invested in a particular mutual fund.

Raymond James may also receive annual fees of up to \$10,000 from each mutual fund company for providing marketing and sales support services for certain corporate retirement plans.

Raymond James makes available to its clients a variety of mutual funds advised or offered by Eagle Asset Management, Inc. (“Eagle”), a subsidiary of Raymond James, including the Eagle Class shares of the J.P. Morgan Prime and Tax Free Money Market Funds. Raymond James and its affiliates generally receives more revenue for selling mutual funds advised or offered by Eagle because they receive compensation for providing these mutual funds with services not provided to unaffiliated mutual funds, including (but not limited to) investment advisory, administrative, transfer agency, distribution and/or other services. Payments made by mutual funds advised or offered by Eagle to Raymond James and its affiliates may be terminated, modified, or suspended at any time. Raymond James financial advisors and branch managers do not receive additional compensation or other cash or non-cash incentives for recommending mutual funds (or any particular class thereof) advised or offered by Eagle.

In addition to the aforementioned compensation arrangements in connection with Raymond James’ mutual fund sales, Raymond James receives compensation from its affiliate Eagle for providing services unrelated to sales of Eagle mutual funds, including (but not limited to) consulting services, marketing services, sponsorship fees, and support services and transfer credits for trade execution services. Payments made by Eagle to Raymond James may be terminated, modified, or suspended at any time.

The subsidiary companies of RJF provide a wide variety of financial services to individuals, corporations and municipalities. For these services, Raymond James receives compensation. As a result, Raymond James can be expected to pursue additional business opportunities with companies whose mutual funds Raymond James makes available to its clients. Consistent with industry regulations, these services could include (but are not limited to) banking and lending services, sponsorship of deferred compensation and retirement plans, investment banking, securities research, institutional trading services, investment advisory services, and effecting portfolio securities transactions.

Raymond James professionals who offer mutual funds to the individual investor clients of Raymond James may introduce mutual fund company officials to other services that Raymond James provides.

#### BUYING SECURITIES ON MARGIN AND MARGIN INTEREST

When clients purchase securities they may either pay for the securities in full or borrow part of the purchase price from Raymond James. Clients that choose to borrow funds for purchases must open a margin account with Raymond James, upon approval based on the firm's analysis of, among others things, the client's creditworthiness and the suitability of margin use by the client. The securities purchased on margin are the firm's collateral for the margin loan. If the securities in the client's account decline in value, so does the value of the collateral supporting the margin loan, and as a result, Raymond James may take action, such as issue a margin call and/or sell securities in the account, in order to maintain the required equity.

It is important that clients fully understand the risks involved in trading securities on margin (including selling short). Upon approval, where applicable, clients will receive a Truth In Lending Statement from Raymond James disclosing such risks, as well explaining the details and conditions under which interest will be charged, the method of computing interest and the conditions under which additional collateral may be required. Clients should understand that the extension of credit by Raymond James to clients will appear as a debit balance on the monthly brokerage statement. While the value of the margined security will appear as a debit, clients with a margin balance in an account(s) in the Ambassador, OSM and/or Passport account programs will be assessed asset-based advisory fees based on the gross value of the account(s) without any offset for margin or debit balances. With respect to short sales, the client will be assessed asset-based advisory fees based on the value of the security sold short, but not on the proceeds received upon initiation of the short sale.

As a result of the foregoing, the client's financial advisor and Raymond James may have a financial incentive to recommend the acquisition of securities on margin or otherwise have margin credit extended (including selling short). In the event of such margin credit extension, the costs incurred by the client, as well as the compensation received by the client's financial advisor and Raymond James, will generally increase as the size of the outstanding margin balance increases. Please refer to the "Client Referrals and Other Compensation Arrangements" section for information regarding additional compensation received by Raymond James in connection with margin interest and short sales.

Clients that purchase securities on margin should understand: 1) the use of borrowed money will result in greater gains or losses than otherwise would be the case without the use of margin, and 2) there will be no benefit from using margin if the performance of their account does not exceed the interest expense being charged on the margin balance plus the additional advisory fees assessed on the securities purchased using margin.



## Short Sales

When executing short sales, you should be aware that RJA receives compensation for maintenance of the short position, which is in addition to the asset-based advisory fee. This compensation is generally calculated on a daily basis as a percentage of the current market value of the security sold short. Three of the major variables that impact the amount of the fee RJA retains, as well as the transparency of the fee on your statement are: 1) availability of the security at RJA; 2) the current interest rate environment in the U.S.; and 3) the availability of the security based on the supply and demand of loanable securities in the market.

When you borrow a security which RJA can lend from its own inventory or its available customers' securities holdings, RJA generally retains all of the fees generated by that loan. In a higher interest rate environment, this fee may not be transparent to you because it may not be charged directly to your account. In such instances, the fee is retained from the return generated by the investment of the collateral posted for the transaction (such as short sale cash proceeds). In the case of a limited supply of a loanable security and/or a lower interest environment, the interest earned on the invested cash collateral may not be sufficient to cover the fee; in this case RJA may directly charge the fee to your account until the borrowed balance is closed.

In cases where RJA has no available supply of loanable securities, RJA may borrow the security from another firm. In these cases, you will be charged a fee to cover the borrowed securities, and RJA and the firm which lent the securities will generally split this fee. As above, in a higher interest rate environment this fee may not be transparent to you because the fee is retained from the return generated by the investment of the collateral posted for the transaction and not charged directly to the account. Alternatively, where the interest earned may not be sufficient to cover the fee, RJA may directly charge the fee to your account until the borrowed balance is closed; a portion of that fee is passed from RJA to the firm from which the securities were borrowed.

For more information on interest/charges associated with margin balances and/or shorts sales, please visit Raymond James's public website: [http://www.rjf.com/services\\_and\\_charges.htm](http://www.rjf.com/services_and_charges.htm) (Client Account Services and Charges). You may also contact your financial advisor or call Raymond James by phone at 800-647- SERV (7378) for additional information, or may submit your written request to: Raymond James Client Services, 880 Carillon Parkway, St. Petersburg, FL 33716.

For further information regarding fees, you can reference the Raymond James Client Bill of Rights by going to our public website, [www.raymondjames.com](http://www.raymondjames.com), and clicking on the Personal Investing link, then Client Resources, then Rights and Responsibilities.

### **Other Potential Conflicts Of Interest To Consider:**

SSAI IARs may have a financial incentive to recommend certain fee-based advisory programs rather than certain other account types. A portion of the annual advisory fee is paid to your IAR, which may be more than they would receive under an alternative program, or if you paid for these services separately. Therefore, your IAR may have a financial incentive to recommend a particular account program over another. If you do not wish to purchase ongoing investment advice or management services or you wish to follow a buy and hold strategy, you should consider opening a brokerage account rather than a fee based account. In a brokerage account, a client is charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account.

Your IAR does not receive a financial incentive to recommend or sell proprietary mutual funds versus non-proprietary funds. However, because compensation structures vary by product type, IARs may receive higher compensation for certain product types.

As part of its fiduciary duties to clients, SSAI endeavors at all times to put the interests of its advisory clients first. You should be aware, however, that the receipt of economic benefits by SSAI (or its IARs, related persons, or affiliates) in and of itself creates a potential conflict of interest.

In certain instances, we may be compensated for referring you to an unaffiliated asset manager. If this occurs, your IAR will provide you with a disclosure document explaining the referral relationship and the terms of any compensation we receive.

### **Individual Investment Advisory Consulting and Financial Planning**

Should you choose to implement the recommendations contained in your financial plan, we generally make recommendations with respect to products and services offered by us and our affiliates. However, the decision to implement any recommendation rests exclusively with you, and you have no obligation to implement any such recommendations through us or our affiliates.

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

Not applicable.

## **Item 7 – Types of Clients**

Saling Simms Associates provides portfolio management services to individuals, high net worth individuals, corporate defined-contribution and defined benefit plans, Taft-Hartley plans, charitable institutions, and foundations. Saling Simms Associates, Inc. also provides investment advice to professional and trade associations as well as to the members of these associations. SSAI has a minimum account size of \$25,000 for Passport Accounts and \$50,000 for Ambassador accounts.

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

The investment strategy determined for you is based upon the objectives stated during consultations with your IAR. It is important to review investment objectives, risk tolerance, tax objectives and liquidity needs with your IAR before choosing an investment strategy. All investments carry a certain degree of risk and no one particular investment style or portfolio manager is suitable for all types of investors.

We may employ one or more of the following methods of investment analysis:

Fundamental Analysis: involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for an investment's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Charting Analysis: involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Technical Analysis: involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

Cyclical Analysis: a type of technical analysis that involves evaluating recurring price patterns and trends. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Sources of information may include Raymond James Research, financial publications, research materials prepared by others, corporate rating services, annual reports, prospectuses and filings with the Securities and Exchange Commission.

Since investment goals and financial circumstances change over time, you should review your investment program at least annually with your IAR. You may change your objectives at any time.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. All investment programs have certain risks that are borne by the investor. Investors face the following investment risks:

Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a

lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

If you are considering small-cap investments or objectives in which a portion or all of your assets are invested in small-cap disciplines, you should recognize the securities selected within these disciplines may not have the business experience or may have businesses that are still in the early stages of the business life cycle, may be less liquid, have lower trading volume and greater spreads between the purchase and sale price of the securities, and may experience greater volatility than securities with larger market capitalizations. The securities selected for these disciplines will typically be more speculative in nature and thus have greater potential for the loss of principal.

If you are considering an international/global investment or discipline, in which a portion or all of your assets are invested in international securities, you should recognize that investing in international securities markets involves additional risks not associated with domestic securities. Exchange rate fluctuations, currency controls, political and economic stability, and greater volatility are risks commonly associated with international investing. You should carefully review your asset allocation objectives and risk tolerance before selecting a manager or discipline that invests internationally.

Investors considering a fixed income investment or discipline generally seek consistent returns with low risk, and their tolerance for risk/volatility will accept only infrequent, minimal losses. Because of the less volatile nature of the disciplines, a fixed income investor may have a shorter investment time horizon than equity and balanced investors, although the objective can accommodate investors with longer time horizons as well.

If you are considering investments that are primarily high-yield fixed income, collateralized mortgage obligations (“CMOs”), asset-backed and/or convertible securities, you should be aware that additional risks exist with these types of investments. These securities may be rated below investment grade or not rated, which reflects the greater possibility that the financial condition of the issuer, or adverse changes in general economic conditions, may impair the ability of the issuer to pay income and principal. To the extent that no established secondary market exists, there may be thin trading of high-yield bonds, which increases the potential for volatility.

Periods of rising interest rates or economic downturns may cause highly leveraged issuers to experience financial stress, and thus markets for their securities may become more volatile. AAA-implied rated CMOs will have more volatility than AAA-rated Treasuries or corporate bonds during periods of rising interest rates because of negative convexity -- slowing prepayments causing increased duration, or “extension risk.” CMOs may not be appropriate for some investors, especially if timing of return of principal is a primary concern. The yield and average life of a CMO will fluctuate, depending on the actual prepayment experience and changes in current interest rates. For example, a rise in interest rates may cause the duration and average life to greatly increase and cause a loss of value. Convertible securities combine the fixed characteristics of bonds and preferred stock with the potential for capital appreciation and may be subject to greater volatility than pure fixed-income instruments. The aforementioned securities may be illiquid when selling small positions and withdrawals may take several weeks.

A sell transaction by a person that believes the price of a security will decline in value, though that person does not own the security at the time of the sale is considered a “short sale”. Securities sold short must be repurchased at a later date. When clients sell a security short, Raymond James must borrow the security in order to make delivery on the client’s behalf. The value of the shares borrowed and sold short is deposited by Raymond James with the security lender, and must be executed in a margin account. The shares may be called back by the lender at any time. If the borrowed shares are recalled and cannot be replaced, the position may be closed without prior notice. Clients are responsible for any dividend payments as long as the short position remains open in their account. This dividend charge should be included in any net profit or loss calculated for short sale transactions. Eventually the short sale must be covered by buying the same amount of borrowed shares for return to the lender. If the shares are able to be repurchased at a lower price than they were sold for, the profit is the price difference between the initial short sale and repurchase - not including the charges/interest for maintenance of the short position and taxes. However, if the

value of the security increases subsequent to the initiation of the short sale, the loss is the price difference between the repurchase and initial short sale - again, not including the charges/interest for maintenance of the short position and taxes. Short selling is an advanced trading strategy with many unique risks and pitfalls. Novice investors are advised to avoid short sales because this potentially may result in unlimited losses. For example, the share price of a security can only fall to zero (i.e., limited profit), but there is no limit to the amount it can rise (i.e., unlimited loss). Stock exchange and federal regulations govern and limit the conditions under which a short sale may be made on a national securities exchange.

When clients purchase securities they may pay for the securities in full or may borrow part of the purchase price from Raymond James. Clients that choose to borrow funds for purchases must open a margin account with Raymond James, upon approval based on the firm's analysis of, among others things, the client's creditworthiness and the suitability of margin use by the client. The securities purchased on margin are the firm's collateral for the margin loan. If the securities in the client's account decline in value, so does the value of the collateral supporting the margin loan, and as a result, Raymond James may take action, such as issue a margin call and/or sell securities in the account, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin (including selling short) before engaging in this activity. Upon approval, where applicable, you will receive a Truth In Lending Statement from Raymond James disclosing such risks, as well explaining the details and conditions under which interest will be charged, the method of computing interest and the conditions under which additional collateral may be required. You should understand that the extension of credit by Raymond James to clients will appear as a debit balance on the monthly brokerage statement. While the value of the margined security will appear as a debit, clients with a margin balance in an account(s) in the Passport account programs will be assessed asset-based advisory fees based on the gross value of the account(s) without any offset for margin or debit balances. With respect to short sales, the client will be assessed asset-based advisory fees based on the value of the security sold short, but not on the proceeds received upon initiation of the short sale.

Therefore, as a result of the foregoing, your IAR and Raymond James may have a financial incentive to recommend the acquisition of securities on margin or otherwise have margin credit extended (including selling short). In the event of such margin credit extension, the costs incurred by you, as well as the compensation received by your IAR and Raymond James, will generally increase as the size of the outstanding margin balance increases.

An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying security at a specific price (i.e., strike price) on or before a certain date (i.e., expiration date). An option, just like a stock or bond, is a security. It is also a binding contract with strictly

defined terms and properties. The two types of options available are calls and puts. A call option gives the holder the right to buy a security at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls believe that the stock will increase substantially before the option expires, and thereby allow them the option of buying the security at a price below the current market. A put option gives the holder the right to sell a security at a certain price within a specific period of time. Puts are similar to having a short position on a stock. Buyers of puts believe that the price of the stock will fall before the option expires, and thereby allow them the option of selling the security at a price above the current market. People who buy options are called holders and those who sell options are called writers; furthermore, buyers are said to have long positions, and sellers are said to have short positions. Call holders and put holders (buyers) are not obligated to buy or sell. They have the choice to exercise their rights if they choose, although their options may be automatically assigned/exercised if the option is “in the money” (i.e., current price above the strike price for call options, or the current price is below the strike price for put options) at expiration and has not be closed out as of the expiration date. Call writers and put writers (sellers), however, are obligated to buy or sell. This means that a seller may be required to make good on a promise to buy or sell. The price of an option is determined by many factors including: (1) the remaining life of the option, (2) the volatility of the underlying security, (3) the relationship between the strike price of the option and the market price of the underlying security, as well as (4) the underlying company's dividend payment record. With respect to option buyers, the client will be assessed asset-based advisory fees based on the value of the call or put option. With respect to option sellers, the client will be assessed asset-based advisory fees based on the absolute value of the call or put option and on the proceeds/premium received upon the writing of the option.

If you are interested in employing the use of options in your account, you must be approved in advance by Raymond James, and may require the use of margin for higher risk strategies. Options involve unique and potentially significant risks and are not suitable for everyone. Option trading can be speculative in nature and may carry substantial risk of loss. Raymond James limits the use of options to hedging strategies in managed and discretionary accounts (e.g., covered calls and put purchases with limited downside risk), although clients may employ, upon pre-approval by Raymond James, more sophisticated and higher risk option strategies in their non-managed/non-discretionary accounts based on their individual circumstances. Prior to accepting an account for options activity, you must be given the Option Disclosure Document titled “Characteristics and Risks of Standardized Options” and must complete and submit an Option Agreement and Suitability Form for Raymond James review and approval prior to transacting option trades. You may only employ those strategies that have been approved.

## **Item 9 – Disciplinary Information**

Not applicable.



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

Investment Adviser Representatives (IAR) of Saling Simms Associates, Inc. are registered representatives of Raymond James Financial Services, Inc. (RJFS), a registered broker-dealer with the NASD, and may recommend RJFS to advisory clients for brokerage services. Registered representatives of RJFS are subject to NASD Conduct Rule 3040 that restricts them from conducting securities transactions away from RJFS. Therefore, clients are advised that such IARs are limited to conducting securities transactions through RJFS. It may be the case that RJFS charges a higher or lower fee than another broker charges for a particular type of service, such as transaction fees. Clients may use the broker/dealer of their choice and have no obligation to purchase or sell securities through RJFS. However, if the client does not use RJFS, the IAR will reserve the right not to accept the account.

Another important relationship of SSAI is with Raymond James & Associates, Inc. (RJA), which is a broker-dealer and member of the New York Stock Exchange and a registered investment advisor. RJA acts as the clearing firm for those accounts and securities transactions introduced by SSAI. To the extent recommendations are implemented through this affiliate, it should be noted that compensation will contribute to the overall profitability of the holding company, RJF. Should any securities be placed through the advisor and its IARs, the advisor and IAR may receive commissions on such transactions. Such a structure may create a conflict of interest.

As a registered NASD broker/dealer, RJFS routes order flow through its affiliated broker/dealer Raymond James & Associates, Inc.(RJA). RJA is obligated to seek best execution pursuant to NASD Rule 2320 for all trades executed, however better executions may be available via another broker/dealer based on a number of factors including volume, order flow and market making activity.

## **Item 11 – Code of Ethics**

Saling Simms Associates, Inc. adheres to a strict code of ethics based on principle that all employees of the Company must place the interest of the client ahead of their own and the Company's. Clients may request a copy of this Code of Ethics by sending request to Saling Simms Associates, Inc., 7965 N. High Street, Suite 130, Columbus, Ohio 43235.

In instances where the IAR buys or sells the same securities as those of their clients, the client's accounts are given priority. Saling Simms Associates, Inc. has established and maintains procedures in compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. These procedures outline a firm wide policy statement on compliance with insider trading policies by Saling Simms Associates, Inc. and its associated persons and other employees. These procedures have been distributed to all associated persons and employees of Saling Simms

Associates, Inc. The procedures include provisions for defining "insider" material, monitoring associated persons and employee's securities accounts, restricting access to affiliates sensitive material and restrictions on trading.

## **Item 12 – Brokerage Practices**

SSAI Investment Advisor Representatives are also Registered Representatives of Raymond James Financial Services Inc, (RJFS), RJFS is a broker-dealer and primarily in the business of selling securities and other investments.

RJA may aggregate sale and purchase orders of securities held by Clients with similar orders being made simultaneously for other Clients if, in RJA's reasonable judgment, such aggregation is reasonably likely to result in overall economic benefit to Clients based on an evaluation that the Clients are benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In some instances, the purchase or sale of securities for Clients will be affected simultaneously with the purchase or sale of like securities for other Clients.

Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions is determined, and at RJA's sole discretion, the Client may be charged or credited, as the case may be, the average transaction price.

If Clients act upon IAR advice and elect to use one of applicant's affiliates as a money manager, custodian or purchasing insurance, applicant may receive compensation in the form of commissions from the affiliate.

If a client decides to use an IAR in his individual capacity as an insurance agent, the individual IAR will receive a commission. Additionally, if a client purchases a mutual fund containing a 12b-1 fee, the adviser and representative may receive such fee. 12b-1 trails, when received for Ambassador or Passport accounts will be credited to client accounts quarterly. Any credits will appear on the client's brokerage statement as a "Mutual Fund Offset".

As part of its fiduciary duties to clients, Saling Simms Associates, Inc. endeavors at all times to put the interests of its advisory clients first. Clients should be aware, however, that the receipt of economic benefits by Saling Simms Associates, Inc. (or its related persons) in and of itself creates a potential conflict of interest.

### **Item 13 – Review of Accounts**

The client's financial advisor monitors, on a daily basis, accounts to identify situations that may warrant specific actions be taken on behalf of a client's investments or their overall portfolio. Such reviews include, but are not necessarily limited to, suitability, performance, asset allocation, change in investment objectives and risk tolerance, concentration and prohibited/restricted products. In addition, financial advisors providing regular investment advice or investment supervisory services, review client portfolios and communicate with clients for conformity with the respective portfolios, investment objectives, changes in a client's financial situation, account performance and any reasonable restrictions to be imposed as to the specific assets or types of securities to be included or excluded from client portfolios. Additional monitoring of accounts is provided by compliance and sales management personnel located within the corporate headquarters. Reviews include, but are not limited to; suitability, concentration, active trading, performance and accounts managed on a discretionary and non-discretionary basis. Discretionary accounts in the Ambassador and Passport programs are reviewed on a regular basis by the client's financial advisor and the Raymond James branch manager in the normal course of review as required under the rules and regulations governing broker-dealers. In addition, discretionary accounts receive additional supervision by the branch manager and the Raymond James Compliance Department.

Since investment goals and financial circumstances change over time, clients should review their investments at least annually with their financial advisor. Clients are under no obligation to employ a particular product, advisory service or investment strategy. For more information regarding this topic you may wish to review the Raymond James "Client Bill of Rights: Understanding Your Rights and Responsibilities as a Raymond James Client" brochure, provided to you upon opening your account with Raymond James, a current version of which is available upon request from your financial advisor.

The client's IAR will be available for annual meetings for all accounts under \$100,000. For accounts with relationship assets above \$100,000, quarterly reviews will be available. All accounts can receive reviews more or less frequently triggered by:

1. client request;
2. economic conditions that affect the positions held in portfolio; or
3. planned change in financial structure.

### **Item 14 – Client Referrals and Other Compensation, Reimbursement**

Saling Simms Associates may pay or receive compensation for referrals to or from other financial professionals.

We place a high level of importance on both professional advice and the communication between the wealth manager (us) and the other financial professionals (the CPA, attorney, insurance agent etc.). To that end we have established a program to encourage that interaction that will benefit our clients greatly.

Reimbursement for Tax Preparation: For our clients that have an invested asset size with us of over \$1,000,000 with a fee based relationship and who have their taxes prepared by a CPA, we are now including in the services that are covered by our current fee (no increase in fee) underwriting the income tax preparation to a maximum of \$500.

There are three stipulations to qualify. The return must be done by a CPA. The CPA, with the client's permission, needs to share the tax information with us. The CPA must also be willing to meet with us at least one time per year outside of tax season to discuss the client's wealth management plan in light of their tax plan with no additional charge to you or Saling Simms Associates for that meeting. Of course, as usual, we would not charge for that meeting either. At your wish, that meeting can be with or without your participation as it will be a working meeting where we will be discussing many options not just the current proposed plan. We imagine that many clients will opt for that meeting to be solely between the wealth manager and the CPA then receive a report of the meeting afterward.

For clients who have between \$500,000 and \$1,000,000 we are including as a covered service ½ the tax preparation fee up to a maximum of \$250. This has the same three stipulations as above.

What we are trying to accomplish here is the true integration of professional advice for our clients given by highly qualified professionals with a keen interest in your overall wealth management. We imagine that this may also weed out those tax preparers that are just "filing numbers" and have no interest in any proactive tax planning. Overall we believe this will bring you a better wealth management plan in trying to accomplish all of your goals both now and in the future.

Sharing of Investment Management fees- Our clients have other trusted advisors that play an integral role in their financial lives. We value that relationship and often receive referrals from those professionals. Our Profession Partners Program creates a means for us to share a portion of the asset management fees generated by clients that participating program members have referred to our firm.

## **Item 15 – Custody**

SSAI does not act accept custody of client funds or securities and rely on our registered broker-dealer, Raymond James who generally maintains custody of client securities and other assets, unless the client and Raymond James otherwise mutually agree. As custodian (if applicable), Raymond James will deliver, not less than quarterly, a brokerage statement to each client detailing their account's securities holdings, cash balances, dividend and interest receipts, account purchases

and sales, contributions and distributions from the account and the realized and unrealized gains or losses associated with securities transactions effected in their account.

For defined benefit or defined contribution clients', funds may be custodied by the plan provider.

Clients will receive statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Saling Simms Associates urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

Saling Simms Associates may accept discretionary control over certain client accounts only after receiving a signed AMBASSADOR discretionary or Passport discretionary contract from the client. Adviser shall assume all investment duties with respect to assets held in the AMBASSADOR discretionary or Passport discretionary account in such stocks, bonds, mutual funds, or other property of any kind as it deems in the best interest of the Client to achieve the investment objective designated by Client. Adviser may take any action or non-action as it deems appropriate, with or without other consent or authority from the Client, and may exercise its discretion and invest such assets exactly as fully and freely as the Client might do as owner, except that Adviser is not authorized to withdraw any monies or securities from the account regardless of the length of time they have been held. Adviser shall further be free to make investment changes regardless of the resulting rate of portfolio turnover when it, in its sole discretion, shall determine that such changes will promote the investment objective of the account.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Saling Simms Associates does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Saling Simms Associates may provide advice to clients regarding the clients' voting of proxies.

Saling Simms Associates, Inc. does not render advice to or take any actions on behalf of clients with respect to any legal proceedings, including bankruptcies and shareholder litigation, to which any securities or other investments held in client accounts, or the issuers thereof, become subject, and does not initiate or pursue legal proceedings, transactions, securities or other investments held in client accounts. The right to take any actions with respect to legal proceedings, including shareholder litigation, with respect to transactions, securities or other investments held in a client account is expressly reserved to the client.

## **Item 18 – Financial Information**

SSAI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.