

**Item 1 – Cover Page**

Firm Disclosure Brochure  
Pinkerton Retirement Specialists, LLC  
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This brochure provides information about the qualifications and business practices of Pinkerton Retirement Specialists, LLC (herein PRS). If you have any questions about the contents of this brochure, please contact us at 208-667-8998. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

PRS 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 decide to hire or retain an Adviser.

Additional information about PRS is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view PRS' information on this website by searching for PRS. You may search for information by using PRS' name or by using PRS' CRD number. The CRD number for PRS is 120973.

## **Item 2 – Material Changes**

PRS added LPL's Model Wealth Portfolio program as an additional third party portfolio management alternative available to clients, 2013.

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#### **Item 4 – Advisory Business**

PRS is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”). PRS is a limited liability company formed under the laws of the State of Idaho. PRS is ultimately owned and controlled by Dan Pinkerton, Managing Member, and his wife, Kathryn Pinkerton. PRS has been registered as an investment advisor since June 15, 2010.

**Asset Management Services:** PRS offers investment advisory services for individual clients, high net worth families, foundations, endowments and institutional investors. This service involves providing a client with constant management of their investment funds. PRS develops investment plans to work toward a client’s goals, objectives and risk tolerance. PRS watches a client’s advisory accounts and executes trades.

PRS has discretionary authority of clients’ advisory accounts. This allows us to decide what securities to buy or sell without needing client approval. See Item 15 below.

Custodians selected by PRS or by the client (if mutually agreed) hold all advisory accounts. Currently, PRS primarily uses LPL Financial Services. The client must designate PRS as its investment advisor on their accounts. The client’s qualified custodian will maintain actual custody of all client funds and securities.

Since custodians are also broker dealers, they may have different account fees, execution charges and execution capacities. Clients using a custodian selected by PRS may pay higher account-related fees and execution charges than if PRS used another custodian. This may occur because custodial services are based on several factors. Factors PRS considers include cost, expected level of asset safety, client confidentiality, communication and reporting. PRS bases all decisions on the individual investment circumstances of each client.

**Investment Management Services:** PRS employs the following strategies as part of its investment management services:

- The PRS investment management process seeks to create a balance between reward and risk over a given time period. This typically involves using a mix of the securities highlighted below.
- PRS relies on quantitative, technical and fundamental analysis.
- PRS considers multiple time horizons, including long, medium and short term, when determining strategies. Depending on the client’s needs, PRS may employ various risk-management strategies. PRS believes these risk-management tools distinguish it in the investment advisory marketplace.

**Types of Investments:** PRS provides investment advice on the following types of investments.

- No-Load (i.e. no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Foreign issues
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Managed Futures
- United States government securities
- Options contracts on securities and commodities
- Interests in partnerships investing in real estate, oil and gas interests

- Master Limited Partnerships
- Private Equity
- Business Development Corporations
- REITs
- Hedge Funds

PRS avoids market timing, but may increase cash holdings when necessary. This is based on the client's risk tolerance and PRS' expectations of market behavior.

*Participation in Wrap-Fee Programs:* PRS offers investment management services through both wrap-fee programs and non-wrap fee programs. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions. Whenever a fee is charged to a client for services described in this brochure (whether wrap fee or non-wrap fee), PRS will receive all or a portion of the fee charged.

There is no material difference in the way PRS manages client accounts on wrap-fee basis versus non-wrap fee accounts other than one group of clients will pay ticket charges (non-wrap) and for the other group, ticket charges are paid by PRS.

*Financial Planning Services:* PRS and its advisors, or Investment Advisor Representatives (IARs), provide financial planning services. The client selects these services in the financial planning agreement. They may include tax planning or investment planning. They may also include retirement planning, estate or business needs, education planning, life and disability insurance needs, long-term care needs and cash flow/budget planning. The services consider information collected from the client. Information may include financial status, investment objectives and tax status, among other data. The IAR delivers a written financial plan to the client. Except for the multi-year program described below, the engagement ends upon delivery of the financial plan.

Clients receive a written financial plan from the IAR reflecting the planning services selected on the financial planning agreement. Clients will have planning-related consultations with the IAR to evaluate the financial plan and all recommendations.

Clients either receive consulting services in person or by telephone from the planning categories selected for the respective period.

*Client Assets Managed by PRS:* PRS manages and administers approximately \$302,697,140 of client assets as of March 18, 2013. Of this total, \$111,818,727 is managed by PRS through fee-based programs, managed on a discretionary basis. In addition, PRS' investment advisor representatives, in their separate capacities as LPL Financial registered representatives, oversee approximately \$190,878,411 of client assets through strictly commission-based arrangements on a non-discretionary basis.

*Advisory Services for Individual Needs of Clients:* PRS provides asset management services based on the specific needs of the individual client. The client has the ability to impose limits on investment selections and sectors.

PRS may manage a client's account in accordance with one or more investment models. When client accounts are managed using models, investment selections are based on the underlying model and PRS does not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates.

## **Item 5 – Fees and Compensation**

This section provides details regarding PRS services along with descriptions of each service's fees and compensation arrangements.

**Financial Planning Services:** PRS provides financial planning services in the form of written financial plans and financial planning consultations. Services may be provided on a one-time basis or on a continuous basis. Clients must execute a Financial Planning Agreement prior to PRS commencing such services. The information contained in this section is provided as a description of PRS' financial planning services. Each client's exact financial planning topics to be covered and the specific fee arrangement will be detailed in the Financial Planning Agreement.

Financial planning services may be specific or modular in their preparation (unique to each client in their depth of preparation). Financial planning services may take into consideration factors such as the client's objectives, risks that they are willing to undertake, investment knowledge, net worth, income, age, projected retirement, unusual or material funding requirements, inheritance possibilities, pensions, social security, children/relative funding issues, estate issues, and living expenses expressed in today's dollars requested for retirement.

Topics covered in financial planning services include, but are not necessarily limited to, goal setting, investment planning, tax planning, estate planning, stock option planning, insurance planning, cash flow planning, real estate planning, education planning, retirement planning, and long-term care planning.

**Fees for Financial Planning Services.** Fees for financial planning services may be billed on an hourly or fixed-fee basis for non-Asset Management Services. Hourly fees generally range from \$50 to \$300 per hour. Fixed fee arrangements typically range between \$500 and \$10,000. In both cases, the exact fee and arrangement charged to an individual client is determined by factors such as the depth and detail of services needed, the complexity of the client's situation, the actual topics included, and the associated person providing the service.

PRS will estimate the number of hours needed when billing on an hourly basis. The estimate will be provided to the client prior to beginning work on the project. Fixed fees are also quoted prior to commencement of work. In the event PRS exceeds the estimate, PRS will contact the client to receive approval from the client prior to completing additional work.

Fees for on-going financial planning services are billed monthly, in arrears, with payment due upon the client's receipt of a billing statement from PRS. Prior to beginning any services, PRS will provide the client with an estimate of the amount of hours required to complete the specific service to be provided. In the event PRS exceeds the estimated time, it will contact the client for approval to continue services. Depending on the scope of a particular project, PRS may require a fee of up to 50% of the estimated hourly charge to be paid in advance with the remaining portion due at the end of the month or upon completion of the project if completed after the end of the billing period.

Fees for one-time financial planning projects are due and payable after completion of the consultation services or presentation of the financial planning document. Depending on the scope of a particular project, PRS may require a fee of up to 50% of the quoted fixed fee to be paid in advance with the remaining portion due upon completion. It should be noted that lower fees for comparable financial planning services may be available from other sources.

**Termination:** When on-going financial planning services are contracted, the Financial Planning Agreement shall remain in effect until terminated by either party. Clients may terminate the agreement upon notice to PRS and termination shall be effective upon PRS' receipt of termination. The firm may terminate the agreement upon written notice to the client with termination effective upon five (5) days after the client receives the written termination notice. If services are terminated within five (5) business days of executing the agreement, services will be terminated without penalty (no fees due and/or a complete refund of any fees paid in advance). After the initial five (5) business days, the client is responsible for paying fees for the time and effort expended by PRS prior to receipt of notice of termination. A pro-rated refund or a pro-rated charge will be made to client, depending upon the time spent by PRS on services at the time notice of termination was received. PRS will provide a billing statement summarizing all charges and an explanation of the pro-rated refund due to client or the pro-rated charges due from client.

When one-time financial planning services are contracted, the Financial Planning Agreement shall terminate upon completion of services or presentation of the planning document. Clients may terminate services prior to completion with no fees due.

**Fee Offset:** While financial planning services are prepared with the intention of the client implementing recommendations made within the plan through PRS, clients are not obligated to do so. Clients may select any investment advisor, broker/dealer, or financial institution to implement PRS recommendations.

If clients elect to implement financial planning advice through PRS, implementation services may be provided through PRS' other advisory programs detailed in this document. In these situations, PRS will receive fees in addition to the financial planning fees charged.

Implementation services may also be provided through PRS' investment advisor representatives in their separate capacities as securities agents and/or insurance agents and commissions will be earned. PRS may waive, reduce or credit the amount of the financial planning fee charged to a client when additional advisory fees or commissions are earned. The decision to waive or reduce an advisory fee is at the sole discretion of the firm.

When implementing PRS' recommendations or any other investment recommendation, clients need to be aware that standard commissions, custodial fees, and transaction fees may be charged to the client. Clients may incur certain charges imposed by third parties, other than PRS, in connection with investments made through an investment account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, IRA and qualified retirement plan fees.

**Pinkerton Managed Asset Program:** PRS is the sponsor of the Pinkerton Managed Asset Program (referred to as PMAP), a wrap-fee program developed through third-party custodian arrangements, such as LPL Financial's Strategic Wealth Management platform. Through the PMAP, PRS provides investment management services which are defined as providing continuous investment advice to a client and making investments for the client based on the individual needs of the client. Through this service, PRS offers a customized and individualized investment program for clients. A specific asset allocation strategy is crafted to focus on the specific client's goals and objectives. Clients will be required to complete the PRS Confidential Profile to define the risk tolerance and investment objective of the client.

PMAP accounts are established with third-party custodians, such as LPL Financial (referred to as "LPL Financial" or "LPL" throughout) in its capacity as a registered broker/dealer, member Financial Industry Regulatory Authority (FINRA) and Securities Investors Protection Corporation (SIPC). LPL Financial is also an investment advisor registered with the SEC, but does not serve as an investment advisor for PRS' clients through the PMAP. Clearing, custody and other brokerage services can be provided by various custodians, such as LPL Financial, for accounts established through the PMAP. Separate accounts are maintained for each client. Each client retains all rights of ownership of their accounts (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations). *Please refer to Item 12 – Brokerage Practices for more information.*

PMAP accounts allow clients to authorize PRS to purchase and sell on a discretionary basis portfolios consisting of securities and investments listed in *Item 4 – Advisory Business of this Disclosure Brochure*. PRS may limit its discretion with respect to the client account and the securities eligible to be purchased for the client account (*Please refer to Item 16 – Investment Discretion for more information*).

The annual investment advisory fee charged shall vary up to 3.00% of the assets held in the account and is determined by the market value of the account, asset types, the client's financial situation and trading activity, and is negotiable with the client. The annual fee shall be divided and payable quarterly in advance through a direct debit in the client account. The custodian is responsible for calculating and debiting all fees from client accounts. Clients must provide the custodian written authorization to debit advisory fees from their accounts and pay such fees to PRS. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter will be prorated based on the number of days remaining in the initial quarter. The minimum household account size is \$500,000 with the

exception of \$300,000 for family members of existing clients. Exceptions to these minimums may be granted at the discretion of the firm.

Prior to engaging PRS to provide investment management services, the client will be required to enter into a formal investment advisory agreement with PRS setting forth the terms and conditions, including the amount of investment advisory fees, under which PRS shall manage the client's assets, and a separate custodial/clearing agreement with the custodian.

PMAP accounts held at LPL will incur no transaction charges on stock, bond, ETF or mutual fund trades. PMAP accounts held at other custodians will be charged the standard transaction fees. Clients may incur certain brokerage fees depending on the arrangement and the broker dealer used. *Please refer to Item 12 – Brokerage Practices for information*

Clients may incur certain charges imposed by third parties other than PRS in connection with investments made through the account, including but not limited to, 12b-1 fees and surrender charges. Management fees charged by PRS are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus. PRS' investment advisor representatives, will not retain any portion of the commissions charged to the client. However, such commissions will be retained by the custodian.

Either party may terminate the agreement for services at any time. If services are terminated within five (5) business days of executing the agreement, services will be terminated without penalty and a full refund of all fees paid in advance will be provided. If services are terminated after the initial five day period, PRS shall provide the client with a pro-rated refund of fees paid in advance. The refund will be based on the number of days service was actually provided during the final billing period. Termination shall be effective from the time the other party receives written notification or such other time as may be mutually agreed upon, subject to the settlement of transactions in progress and the final refund of advisory fees. There will be no penalty charge upon termination.

This section is intended to be a summary of the PMAP. All clients contracting for PMAP services will be provided a copy of the PMAP Wrap Fee Program Brochure.

*LPL Financial Sponsored Advisory Program:* PRS may provide advisory services through the Manager Access Select Program (MAS) and Model Wealth Portfolios (MWP), sponsored by LPL Financial, a registered investment advisor and broker-dealer. For more information regarding MAS and MWP, including more information on the advisory services and fees that apply, the types of investments available in the program and the potential conflicts of interest presented by the program please see the LPL Financial Form ADV Part 2A Disclosure Brochure or the applicable program's Wrap Fee Program Brochure and the applicable client agreement. Clients engaging PRS through MAS or MWP will be provided a copy of the program's disclosure brochure and must execute the program's client agreement.

#### *Manager Access Select (MAS) & Model Wealth Portfolios (MWP)*

MAS and MWP provide clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. PRS will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. PRS will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

*Fees for MAS & MWP:* The account fee charged to the client for MAS and MWP program accounts is negotiable based on factors such as, but not limited to, the total amount of assets under management and the client's financial situation. However, the maximum annual fee charged by PRS shall not exceed 3.0%. Account fees are payable quarterly in advance. PRS will receive 35% to 80% of the fee charged to clients. LPL serves as program sponsor, investment advisor and broker-dealer for MAS and MWP. PRS and LPL share in the account fee and other fees associated with program accounts. Minimum account size of \$100,000 is required for MAS, and a \$25,000 minimum for MWP. LPL will deduct the Manager Fee, Custody & Clearing fees, and Administrative fees from the client fee. The remainder goes to the advisor per their payout agreement with LPL.



**Potential Conflicts of Interest:** The potential for additional compensation may give PRS' supervised persons an incentive to recommend investment products based on the additional compensation received. PRS' objective as a firm is to place nothing before the client's best interests. Clients always have the option to purchase investment products that PRS recommends through other unaffiliated brokers or agents. Additionally, advice offered by PRS does not constitute legal or accounting advice. Therefore, you should coordinate and discuss the impact of financial advice with your attorney and/or accountant. Clients are advised that it is necessary to inform PRS promptly with respect to any changes in their financial situation, investment goals and objectives. Failure to notify PRS of any such changes could result in investment recommendations not meeting the needs of the client.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because PRS does not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

## **Item 7 – Types of Clients**

PRS generally provides investment advice to the following types of clients.

- Individuals
- High-Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

**Minimum Investment Amounts Required:** The minimum household account size is \$500,000. For individual accounts, Manager Access Select accounts have a minimum amount of \$100,000 and Model Wealth Portfolios have a minimum amount of \$25,000. Exceptions to these minimums may be granted by PRS.

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

PRS uses the following methods of analysis in formulating investment advice.

**Charting** - The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

**Cyclical** - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

**Fundamental** - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

**Technical** - A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

**PRS Investment Process:** The PRS investment process is a disciplined, non-emotional, formula-driven approach that seeks to capture growth in advancing markets, and minimize risk and exposure in down-trending markets. While PRS knows that no strategy can ultimately guarantee a profit or protect against a loss, the process is essentially important.

Step 1: Research - Define the investment objectives and identify the investable universe from the global capital markets. The PRS Research Team selects the investments that best match the stated objectives through focused analysis, disciplined methodology, and leading third-party research.

Step 2: Respond – Prioritize allocating capital to those investments in the established universe that are in a confirmed uptrend, utilizing a quantitative and technical analysis process. Cash is an asset class that is utilized to minimize volatility and losses. In advancing markets, cash exposure decreases. Conversely, in declining markets, cash exposure increases.

Step 3: Advance - Monitor each investment, making tactical adjustments weekly, if needed, in response to changes in the global capital markets, a specific sector, or an individual company or fund. Investments that continue to advance and maintain upward momentum are kept.

Step 4: Protect - Protect gains through a disciplined sell strategy for each invested position. PRS research focuses not only on when to buy, but also on when to sell. The objective is not to “buy, hold, and hope” but to “Advance and Protect.”

In addition, PRS also utilizes the following general investment strategies: long term purchases (Investments held at least a year), short term purchases (Investments sold within a year), trading (Investments sold within 30 days), and option writing including covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

There is a potential for frequent trading of securities in PRS strategies, which may have a positive or negative impact on investment performance. Performance from active trading can be lowered due to an increase in brokerage and other transaction costs with custodians outside of LPL.

**Risk of Loss:** Clients must understand that past performance is not indicative of future results. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

**Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

**Equity (stock) Market Risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

*Company Risk* – When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

*Fixed Income Risk* – When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

*Options Risk* – Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

*ETF and Mutual Fund Risk* – When our firm invests in a an ETF or mutual fund, it will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.

*Management Risk* – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

## **Item 9 – Disciplinary Information**

This item is not applicable to PRS' brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client's or prospective client's evaluation of PRS business or the integrity of PRS management.

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

### **Other Arrangements**

PRS is not related to any company that is one of the following:

broker dealer	municipal securities dealer
government dealer or broker	investment company
other pooled investment product	unit investment trust
private investment company	futures commission merchant
commodity pool operator	commodity trading advisor
banking or thrift institution	accountant or accounting firm
lawyer or law firm	pension consultant
real estate broker or dealer	sponsor or syndicator of limited partnerships.

While PRS does not sell products or services other than investment advice, the firm's investment advisor representatives may sell other products or provide services through their brokerage relationship with LPL Financial. PRS' investment advisor representatives concentrate the majority of their efforts providing investment advisory services and financial planning services for clients.

*Insurance Activities:* Mr. Pinkerton, Mr. Glendening and Mr. Beggs are independently licensed to sell insurance and annuity products through various insurance companies. When acting in this capacity, Mr. Pinkerton, Mr. Glendening and Mr. Beggs will receive commissions for selling insurance and annuity products. Mr. Pinkerton, Mr. Glendening and Mr. Beggs may also receive other incentive awards for the recommendation/sale of annuities and other insurance products. The receipt of compensation and other incentive benefits may affect the judgment

of PRS' investment advisor representatives when recommending products to its clients. While Mr. Pinkerton, Mr. Glendening and Mr. Beggs endeavor at all times to put the interest of his/her clients first as a part of PRS' overall fiduciary duty to clients, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest.

Clients are never obligated or required to purchase insurance products from or through Mr. Pinkerton, Mr. Glendening and Mr. Beggs and may choose any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale.

**Registered Representative Activities:** If the client wants to, the client can engage the investment advisor representatives of the firm (but not the firm) in their separate capacities as registered representatives of LPL, to render securities brokerage services under a commission arrangement. Brokerage commissions may be charged by LPL to effect these securities transactions and, thereafter, a portion of these commissions will be paid by LPL to such investment advisor representatives as registered representatives of LPL. Prior to effecting any transactions, the client will be required to enter into a new account agreement with LPL. The brokerage commissions charged by LPL may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

Depending on the type of LPL account that could be used to implement a financial plan or investment strategy, such compensation may include (but is not limited to) advisory program fees; commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund managed futures, and variable annuity investor servicing fees; retirement plan fees; fees in connection with LPL's insured deposit account program; administrative services fees for trust accounts; referral fees; compensation for directing order flow; and bonuses, awards or other things of value offered by LPL to the IAR.

This compensation to the IAR and LPL may be more or less depending on the product or service that IAR recommends. Therefore, the IAR may have a financial incentive to recommend that a financial plan be implemented using a certain product or services.

The investment advisor representatives of PRS may recommend securities or insurance products offered by LPL (or other insurance firms), and will receive the normal commissions if products are purchased through them; thus a conflict of interest exists between their interests and those of PRS' Clients. Clients are under no obligation to purchase products recommended by investment advisor representatives or to purchase products either through PRS or LPL.

As a result of the LPL relationship, LPL will have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about PRS' clients, even if the client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact PRS.

Mr. Pinkerton, Mr. Glendening and Mr. Beggs are separately licensed as a registered representative with LPL Financial Corporation, a registered securities broker/dealer, member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investors Protection Corporation (SIPC). When acting in his/her separate capacity as a registered representative of LPL Financial, Mr. Pinkerton, Mr. Glendening and Mr. Beggs may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, Mr. Pinkerton, Mr. Glendening and Mr. Beggs may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based LPL Financial account in addition to an advisory account.

The receipt of commissions creates an incentive for Mr. Pinkerton, Mr. Glendening and Mr. Beggs to recommend those products for which he will receive a commission. Consequently, the objectivity of the advice rendered to clients could be biased. Mr. Pinkerton, Mr. Glendening and Mr. Beggs controls for this potential conflict of interest

by discussing with clients the benefits and negatives of establishing a fee-based account through PRS versus establishing a commission-based account through LPL Financial.

Clients are never obligated or required to establish accounts through PRS, Inc, or LPL Financial. However, if a client does not choose to accept Mr. Pinkerton, Mr. Glendening and Mr. Beggs's advice or decides not to establish an account through LPL Financial, Mr. Pinkerton, Mr. Glendening and Mr. Beggs may not be able to provide management and advisory services to the client. Clients should understand that, due to certain regulatory constraints, Mr. Pinkerton, Mr. Glendening and Mr. Beggs, in his capacity as a LPL Financial registered representative must place all purchases and sales of securities products in commission-based brokerage accounts through LPL Financial or other LPL Financial approved institutions.

*Third-Party Investment Advisors:* As described in Item 4 – Advisory Business and Item 5 – Fees and Compensation, PRS has formed relationships with independent, third-party investment advisors through LPL Manager Select Program and the LPL Model Wealth Portfolios.

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

*Code of Ethics Summary:* Rule 204A-1 of the Investment Advisers Act of 1940 requires all investment advisers to establish, maintain and enforce a Code of Ethics. PRS has established a Code of Ethics that will apply to all of its supervised persons. An investment adviser is considered a fiduciary according to the Investment Advisers Act of 1940. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each PRS client at all times. PRS has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for the advisor's Code of Ethics which also covers its Insider Trading and Personal Securities Transactions Policies and Procedures.

PRS requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and when changes occur, all supervised persons will sign an acknowledgement that they have read, understand and agree to comply with the PRS' Code of Ethics. PRS has the responsibility to make sure that the interests of all clients are placed ahead of the firm's or its supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. PRS and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect its duty of complete loyalty to all clients.

This disclosure is provided as a summary of PRS' Code of Ethics. Clients may request a copy at any time.

*Affiliate and Employee Personal Securities Transactions Disclosure:* PRS or its supervised persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. To control potential conflicts, PRS has developed several procedures.

- It is the express policy of PRS that all persons associated in any manner with PRS must place the interests of the firm's clients ahead of their own when implementing personal investments.
- PRS and its supervised persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry.
- Client and PRS employee securities transactions are typically executed through block trades prior to the open of the market to ensure common execution.
- If a security is traded intraday for both clients and PRS employees, these PRS employee trades must be completed in the last ½ hour of trading in order to avoid leading client transactions.
- As part of PRS' Code of Ethics, personnel are required to report their personal securities transactions and holdings to the Firm for review.

## Item 12 – Brokerage Practices

Asset Management Services – PRS will recommend a custodian for clients who will use its Asset Management Services. At least annually, PRS will review alternative custodians in the marketplace for comparison to the currently used broker dealer qualified custodian. PRS will evaluate such criteria as expertise, cost competitiveness, and financial condition. PRS will review quality of execution for custodians through trade journal evaluations and broker dealer scorecards. PRS also receives benefits that it would only get using services of such broker dealers to implement the investment advice provided. These benefits include, but are not limited to receipt of duplicate client confirmations and bundled duplicate statements. Additionally, benefits may include access to a trading desk or the ability to have investment advisory fees deducted directly from client accounts. Other benefits may include access to an electronic communications network for client order entry and account information. PRS may also receive compliance publications and access to mutual funds with higher minimum initial investment requirements. No single criteria will validate nor invalidate a custodian or service provider. Instead, PRS will review all criteria in evaluating the currently used custodian.

Clients are free to select any broker dealer, mutual fund company, or variable annuity sponsor to serve as their qualified custodian. This selection is under the condition that PRS provides approval. When a client directs the use of a particular broker dealer or other qualified custodian, PRS may not be able to obtain the best prices and execution for the transaction. Clients who direct the use of a particular broker dealer or qualified custodian may receive less favorable prices. Further, PRS may place directed trades after effecting non-directed trades.

PRS does not have soft-dollar agreements with any broker dealers and thus, has not received any such benefits.

Aggregate Trades: In some cases transactions implemented by PRS are effected on an individual basis. However, generally PRS will purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by the firm when it believes such action may prove advantageous to clients. When PRS aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When PRS determines to aggregate client orders for the purchase or sale of securities, including securities in which the associated person of the firm may invest, PRS will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, PRS does not receive any additional compensation or remuneration as a result of aggregation.

Trade Error Policy: PRS has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of PRS to correct trade errors in a manner that is in the best interest of the client.

## Item 13 – Review of Accounts

Review of Accounts: On-going financial planning services are reviewed and updated on an-going basis at the request of the client. PRS shall periodically contact the client to determine if updates or additional financial planning services are needed; however, clients are expected to inform PRS of any changes in the client's situation or when additional services and updates are needed. Reviews are not provided for one-time financial planning services. However, clients are encouraged to have their financial planning situation reviewed and updated on as-needed basis. The PRS Research Team reviews PMAP portfolios on a weekly basis.

Statements and Reports: Asset Management clients will receive account statements at least quarterly from the qualified custodian. Clients may additionally receive on-demand position and performance reports from PRS for

no additional fee. Clients are encouraged to compare reports provided by PRS against the account statements delivered from the qualified custodian, as the latter is the official record of the client's account.

In addition, Pinkerton Retirement Specialists may provide newsletters covering general financial planning and investment topics.

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

The investment advisor representatives of PRS who are registered representatives or insurance representatives may be eligible to receive various incentives that may be based upon production levels. These incentives may include marketing reimbursements, educational conference trips or discounts on various software or investment-related research materials. PRS may also be provided with various newsletters or publications from financial services firms as a customary consideration.

*Client Referrals:* PRS may enter into arrangements with individuals (“Solicitors”) who will refer clients that may be candidates for investment advisory services, to the firm. In return, PRS will agree to compensate the Solicitor for the referral. Compensation to the Solicitor is dependent on the client entering into an advisory agreement with PRS. Compensation to the Solicitor will be an agreed upon percentage of PRS’ investment advisory fee or a flat fee depending on the type of advisory services the Applicant provides to clients. PRS’ referral program will be in compliance with federal or state regulations (as applicable). The solicitation/ referral fee is paid pursuant to a written agreement retained by both PRS and the Solicitor. The Solicitor will be required to provide the client with a copy of PRS’ Form ADV Part 2 and a Solicitor Disclosure Document prior to or at the time of entering into any investment advisory contract with PRS. The Solicitor is not permitted to offer clients any investment advice on behalf of PRS. The advisory fee charged to clients will not increase as a result of compensation being shared with the Solicitor.

*Conflicts of Interest:* The potential for additional compensation may give PRS’ supervised persons an incentive to recommend investment products based on the additional compensation received. PRS’ objective as a firm is to place nothing before the client’s best interests.

*How PRS addresses these conflicts.* First, PRS addresses the conflicts inherent in Other Compensation by disclosing them to you in this Brochure and by providing an explanation at the end of this disclosure. Additionally, PRS has also designated a CCO, as set forth on Schedule A of its Form ADV, to be responsible for oversight of its supervisory process.

Clients always have the option to purchase investment products that PRS recommends through other unaffiliated brokers or agents.

#### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. According to this definition, PRS does not have custody of client funds or securities.

Although the firm does not have custody, PRS has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client’s name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian’s name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client’s independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against any reports received directly from PRS. When clients have questions about their account statements, they should contact PRS or the qualified custodian preparing the statement.

## **Item 16 – Investment Discretion**

PRS receives written agreement when trading on a discretionary basis for client accounts. With this agreement, PRS has the authority to decide what securities are bought or sold in a client's account. Also, the agreement allows PRS this authority without needing to get prior approval from the client.

Clients have the right to place reasonable restrictions on their accounts. Clients may also place reasonable limitations on the discretionary power granted to the firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

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

PRS generally does not vote proxies or other securities for client accounts. It is the responsibility of the client to vote all securities in the PRS asset management program. However, if accounts are ERISA accounts, then PRS does vote proxies.

## **Item 18 – Financial Information**

This item is not applicable to this brochure. PRS does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, PRS is not required to include a balance sheet for its most recent fiscal year. PRS is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, PRS has not been the subject of a bankruptcy petition at any time.

## **CUSTOMER PRIVACY POLICY**

Regulation S-P, Privacy of Consumer Financial Information, requires financial institutions, including PRS, to provide notice to current clients and prospective clients about their policies and practices concerning the collection and use of customer, non-public information. This privacy policy notice is given to all prospective clients of the firm upon entering into a contract with PRS and annually thereafter.

*Privacy Disclosure Statement:* A primary goal of PRS is to protect the privacy of its clients. PRS does not sell the personal information of clients to anyone.

To conduct regular business, PRS may collect nonpublic personal information from clients. This information is provided by clients to PRS on applications and other forms provided by clients to PRS as well as transactions with the firm, its affiliates, or others.

PRS may enter into contracts with outside third parties so that PRS can assist its clients in servicing their accounts. In order to do this, PRS will disclose personal information to companies that help PRS process transactions for client accounts (for example, executing client trades at through a broker/dealer). However, PRS does not share or disclose any nonpublic customer information except as allowed or required by law. In addition to sharing information in order to provide financial services to clients, the firm may be required to disclose personal information to cooperate with regulators or law enforcement authorities, to resolve customer disputes, or for risk control.

*Information Safeguarding:* PRS has implemented strict policies and procedures aimed at protecting the sensitive nature of client information. The firm restricts access to client information to only those members of the firm that must provide products and services to clients in order to service client accounts. PRS may also share information with LPL Financial which has supervisory obligations over certain of the firm's activities. As a result of the LPL relationship, LPL will have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about PRS' clients, even if the client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact PRS.



PRS has implemented physical, electronic, and procedural safeguards aimed at meeting the firm's duty to protect nonpublic client information.

If you have any questions concerning PRS' customer privacy policy or concerns about your personal information please feel free to contact PRS at the number located on the cover page of this brochure.

### **Information Required by Part 2B of Form ADV: *Brochure Supplement***

#### ***Item 1 – Cover Page***

This brochure supplement provides information about Dan Pinkerton, Ron Glendening, and Walter "Web" Beggs that supplements the information previously provided in this brochure. Please contact the Compliance Administrator at 208-667-8998 if you have any questions about the contents of this supplement.

Additional information about Mr. Pinkerton, Mr. Glendening, and Mr. Beggs is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### ***Item 2 – Educational Background and Business Experience***

##### **Dan Pinkerton**

Born: 01/1965

##### **Education Background:**

- Bachelor of Arts in International Relations with emphasis in Economics – Stanford University (Palo Alto, CA), 1987
- Certified Financial Planner<sup>TM</sup> (CFP®) professional certification – the College for Financial Planning (Denver, CO), 1991

##### **Business Background & Other Business Activity:**

- PRS, LLC, Managing Member, 09/1996 – Present and Investment Advisor Representative, 05/2010 – Present;
- LPL Financial Corporation, Registered Principal, 07/1997 – Present;
- LPL Financial Corporation, Investment Advisor Representative, 03/2002 – 12/2010;
- Pinkerton Financial Corporation, President, 09/1996 – Present;
- Pinkerton Family Heritage, LP, General Partner, 09/1996 – Present;
- Pinkerton Investments, Inc., President, 09/1996 – Present; and
- Rockford Bay Ranch (Family Owned Ranch), 07/2004 – Present.

##### **Ron Glendening**

Born: 09/1964

##### **Education Background:**

- Bachelor of Arts - Moody Bible Institute (Chicago, IL), 1988
- Master of Divinity- Trinity Evangelical Divinity School (Deerfield, IL), 1993
- Certified Financial Planner<sup>TM</sup> (CFP®) professional certification – the College for Financial Planning (Denver, CO), 2004
- Certified Portfolio Manager (CPM®) professional designation – Academy of Certified Portfolio Managers (ACPM) and Columbia University (Westminster, CO), 2012

##### **Business Background & Other Business Activity:**

- PRS, LLC, Chief Compliance Officer, Wealth Advisor, 6/2001 – Present; and Investment Advisor Representative, 05/2010 – Present;
- LPL Financial Corporation, Registered Representative, 01/2002 – Present; and
- LPL Financial Corporation, Investment Advisor Representative, 07/2003 – 12/2010.

## **Walter “Web” Beggs**

Born: 02/1954

### **Education Background:**

- Bachelor of Arts in Mathematics – Northwest Nazarene (Nampa, ID), 1987
- Certified Financial Planner™ (CFP®) professional certification – the College for Financial Planning (Denver, CO), 2004

### **Business Background & Other Business Activity:**

- PRS, LLC, Wealth Advisor 05/1996 – Present; and Investment Advisor Representative, 05/2010 – Present;
- LPL Financial Corporation, Registered Representative, 10/1997 – Present; and
- LPL Financial Corporation, Investment Advisor Representative, 09/2002 – 10/2010.

### **CFP® Certification Explanation Statement**

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

### **CPM® Certification Explanation Statement**

Eligibility criteria for CPM® candidates is as follows:

1. 5 yrs minimum experience, series 7 licensed

2. \$10MM AUM in a Discretionary Asset Management Program

3. Certification by a supervising compliance officer that the candidate has a clean compliance record

**Exceptions** - all exceptions shall be reviewed by the secretary. The secretary shall bring exceptions of merit before the board, and a 2/3 affirmative vote of the board of directors shall be required to grant exceptions to CPM® candidates.

### ***Item 3 – Disciplinary Information***

Mr. Pinkerton, Mr. Glendening and Mr. Beggs have never been subject to a legal or disciplinary event required to be reported by the Form ADV Part 2B – Brochure Supplement instructions.

### ***Item 4 – Other Business Activities***

Registered Representative with LPL Financial Corporation. See Item 10 on page 11 – Other Financial Industry Activities and Affiliations – “Registered Representative Activities.”

Insurance Agent. See Item 10 on page 11 – Other Financial Industry Activities and Affiliations – “Insurance Activities”

Additional Other Business Activities. Mr. Pinkerton is the owner or control person of the following entities: Pinkerton Investments, Inc. and Pinkerton Family Heritage, LP. These entities are holding companies and do not provide services (financial or otherwise). Mr. Pinkerton spends less than 5% of his time on these activities.

He is the owner of Pinkerton Financial Corp. which provides consulting services to financial professionals through workshops, seminars and training events. Such services are provided solely to financial professionals and not to the underlying investment clients of PRS. Mr. Pinkerton spends approximately less than 5% of his time on this activity.

Finally, Mr. Pinkerton is also the owner/control person of Rockford Bay Ranch, a non-investment related business that has no material impact on advisory clients or Mr. Pinkerton’s investment activities other than a time commitment. Mr. Pinkerton spends less than 5% of his time engaged in the ranching activities of Rockford Bay Ranch.

### ***Item 5 – Additional Compensation***

In addition to the description of additional compensation provided in Item 4 above, certain product sponsors may provide Mr. Pinkerton, Mr. Glendening and Mr. Beggs with other economic benefits as a result of Mr. Pinkerton, Mr. Glendening and Mr. Beggs’s recommendation or sale of the product sponsors’ investments. The economic benefits received by Mr. Pinkerton, Mr. Glendening and Mr. Beggs from PRS and product sponsors can include but are not limited to, financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist Mr. Pinkerton, Mr. Glendening and Mr. Beggs in providing various services to clients. Although PRS and LPL Financial endeavor at all times to put the interest of its clients ahead of its own or those of its officers, directors, or representatives, these arrangements present a conflict of interest that may affect the judgment of Mr. Pinkerton, Mr. Glendening and Mr. Beggs.

### ***Item 6 – Supervision***

Ron Glendening is the Chief Compliance Officer of PRS and ultimately responsible for supervising activities and services provided by the firm including the services provided by Mr. Pinkerton and Mr. Beggs. Investment accounts and advice provided by the Firm are reviewed as frequently as weekly by Mr. Glendening. Mr. Glendening can be contacted at 208-667-8998.