

Item 1: Cover Page

## ADV Part 2A Brochure



### ECONOLOGICS® FINANCIAL ADVISORS, LLC

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This brochure provides information about the qualifications and business practices of Econologics Financial Advisors, LLC. If you have any questions about the content of this brochure, please contact us at 727-588-1540 or by email at [info@econologics.com](mailto:info@econologics.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

We are a Registered Investment Advisor with the United States Securities and Exchange Commission. Registration as an Investment Advisor does not imply any level of skill or training.

Additional information about Econologics Financial Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Econologics Financial Advisors, LLC is 125738.

**Item 2: Summary of Material Changes**

This Firm Brochure provides a summary of Econologics Financial Advisors, LLC's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things.

This Item is used to provide clients with a summary of material changes as defined by the Commission including additional information the firm deems to be relevant for current and prospective clients. The revision(s) are based on the nature of the information detailed below.

- *Material Changes:* Should a material change in its operations occur, depending on its nature, Econologics Financial Advisors will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to Econologics Financial Advisors' advisory services or advisory affiliates – any information that is critical to a client's full understanding of the firm's business.
- *Annual Update:* Advisors are required to update certain information at least annually, within 90 days of the firm's fiscal year end (FYE) of December 31<sup>st</sup>. Econologics Financial Advisors, LLC will provide clients with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of the FYE or we will provide clients with a revised Brochure that will include a summary of those changes in this Item.

**Material Changes**

As of March 2017 Econologics Financial Advisors, LLC has the following material changes to report.

- ☐ Location
  - The Advisor has moved its business from Clearwater, Florida to Largo, Florida
- ☐ Website
  - Changed from [www.econologics.com](http://www.econologics.com) to [www.econologicsfinancialadvisors.com](http://www.econologicsfinancialadvisors.com)

**Annual Update**

- ☐ The Assets Under Management (AUM) has been updated

If you would like to receive a complete copy of Econologics Financial Advisors' brochure including ADV part2B supplements, please call 727-588-1540 or send an email at [info@econologics.com](mailto:info@econologics.com).

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**Item 4: Advisory Business****Firm Description and History**

Econologics Financial Advisors, LLC (“EFA”) is a fee-based investment advisor with its place of business located in Clearwater, Florida. The firm was established in early 2003 as Wealth Advisory Associates, a sole proprietorship, and adopted its current name and corporate form, a Wyoming limited liability company, in November of 2007. EFA was registered as an investment advisor with Florida Division of Securities from 2003 to 2014 and has been registered with the Securities and Exchange Commission since 2015. EFA’s owners and officers are P. Christopher Music, Managing Member and Chief Compliance Officer, Diane H. Music, Managing Member and Chief Executive officer, and Eric Miller, Member and Senior Financial Advisor, with over 60 years of combined experience in the financial services industry. The firm currently has three investment professionals, five non-investment employees, and one clerical worker. For more information about the management team and its investment advisor representatives please consult the Brochure Supplement.

**Advisory Services**

As discussed below, EFA offers a broad range of services to its clients, of which investment advice is only one aspect.

**Financial Planning:** EFA’s investment advisory services are one part of a comprehensive financial plan that incorporates each client’s core values, life goals, and plans. Its core product, the **Econologics Road Map®** focuses on nine elements, as follows:

1. **Financial Planning** –A financial plan which begins with the client’s ultimate goals and works backwards to identify the appropriate incremental steps to the end objective.
2. **Policies and Procedures** – Policies and procedures regarding finances to be followed in the household, based on a knowledge of the basics of personal finance and the capability to competently handle the financial affairs of the household.
3. **Business Viability** – advising the clients on how to maintain and grow their business and understand transition planning.
4. **Income Planning** – Assuring that clients have determined the level of income they will need over time, and have made plans to generate a satisfactory income stream through retirement. For many clients, EFA may recommend the purchase of a fixed index annuity or other tax-managed product guaranteed by an insurance company. (As further discussed below, certain EFA personnel are also licensed insurance agents and may offer to sell such products or other insurance products.)
5. **Debt and Credit Management** – EFA advises clients on the desirability of keeping their household and business debt free, and help devise a plan for reaching this goal.
6. **Estate Planning** – EFA emphasizes to clients the importance of having up- to-date wills and other documents to ensure that their health and legal matters will be taken care as they have directed, and to minimize estate and gift taxes to a minimum. EFA does not provide legal or tax advice and urges clients to contact qualified professionals.
7. **Tax Planning** – EFA also discusses with clients the importance of minimizing Federal and state income tax liability and planning to save taxes during retirement. EFA offers general information about taxes, but does not advise clients about their individual tax situation. Clients are urged to use a qualified tax specialist.
8. **Asset Protection** – EFA encourages clients to reasonably limit their assets’ exposure to loss, including exposure to liability, market losses, tax losses and inflation.
9. **Investments** – EFA, in its role as investment adviser, works with the client to develop an Investment Policy Statement that reflects a level of risk and potential return that is consistent with client’s long term goals.

10. **Annual Review** - Once the initial financial planning services have been completed, EFA will establish future “Annual Review” dates, usually on or near the anniversary of the Private Practice Millionaire Club Agreement, or such other dates as EFA and client shall determine. The Annual Review may result in adjustments, if necessary, to the financial plan.

The **Econologics Road Map** explores the following areas as part of the financial planning process:

1. identifying and clarifying personal and family core values, mission, vision, and goals;
2. preparing a financial plan/roadmap, which encompasses the client’s current financial situation, the client’s liquidity and asset preservation needs, wealth accumulation goals and wealth distribution and transfer plans. More specifically, the financial plan/roadmap may include, but is not limited to the following modules:
  - financial statements – cash flow and balance sheet
  - savings and emergency reserves
  - asset allocation and investment portfolio analysis
  - potential tax consequences (in collaboration with client’s tax advisor)
  - risk management and insurance analysis
  - retirement and income analysis
  - long-term healthcare
  - estate and family legacy planning (through consultation with legal counsel)
  - business succession planning
3. an outline of recommendations, strategies, solutions and resources;
4. prioritizing and implementing the written action plan;
5. investment consultations to develop a customized investment strategy tailored to the client’s long-term investment goals; this may include preparing a formal written Investment Policy Statement (“IPS”).
6. informative periodicals research via e-mail and website;
7. facilitating meetings with the client and the client’s legal, accounting and tax advisors, which may include specialists within EFA’s professional network;
8. Coordinate and facilitate meetings with family members, business associates, partners or other key individuals to assist with implementing the action plan;

As part of the Econologics Road Map, EFA includes the **Econologics Transition Planning** module for a business professional looking to either retire and/or sell their business to pursue other ventures.

**Portfolio Monitoring:** Clients who have received an Econologics Road Map, and have therefore worked with EFA to develop a long-term investment strategy, are offered EFA’s Portfolio Monitoring service which generally includes:

- an asset allocation study illustrating the balancing of investment return and risk, emphasizing spreading risk among various asset classes and investment vehicles as a classic way to increase portfolio security;
- development of an Investment Policy Statement (“IPS”), describing the specific investment types and allocations, and
- recommendations of one or more third-party money managers (“Portfolio Managers”), whose investment disciplines most closely match the investment objectives and policies as outlined in the client’s IPS.

Under the Portfolio Monitoring service, EFA will continuously evaluate the performance of the portfolio to ensure the Portfolio Managers adhere to the standards of the client’s IPS and will make recommendations regarding the Portfolio Managers as their performance, market factors and the client’s personal goals dictate.

(EFA will, therefore, not be managing the client's portfolio assets day-to-day.) EFA will also periodically consult with Clients regarding their financial condition and investment goals to determine whether any changes are needed to their IPS. EFA will not have the authority to make changes to the client's portfolio, which may only be effected with the client's consent.

*Portfolio Manager Due Diligence:* As part of its Portfolio Monitoring service, EFA recommends Portfolio Managers to manage clients' investment portfolios on a day-to-day basis. EFA regularly performs due-diligence reviews of current and prospective Portfolio Managers to evaluate:

- *Regulatory Compliance:* A clear track record of compliance with applicable laws and regulations and understanding of fiduciary duty to clients.
- *Track Record:* The Portfolio Manager should have at least three years of history so that performance statistics can be properly calculated.
- *Stability:* The same management team should be in place for at least two years. This reflects team unity and balance.
- *Composition:* At least 80% of the Portfolio Manager's underlying securities investments should be consistent with the broad asset class.
- *Performance:* The Portfolio Manager's investment performance should show a competitive advantage relative to their peer group in both up and down markets. This reflects an investment knowledge and understanding of the inner-workings of the securities markets.

In monitoring the investment performance of Portfolio Managers, EFA will utilize the above criteria to determine when it should more closely scrutinize a particular Portfolio Manager for possible replacement.

EFA clients are advised to promptly notify EFA if there are ever any changes in their financial situation or investment objectives, or if they wish to impose any reasonable restrictions upon EFA's management services.

As further described below, EFA's investment advisor representatives may, in their capacity as licensed insurance agents, offer fixed index annuities and other insurance products to clients, for which they are paid a commission by the insurance company.

### **Tailored Advisory Services**

Advisory services recommendations are tailored to the individual needs of the individual client. Clients may impose guidelines or restrictions on certain types of securities or investments but such restrictions must be provided in writing.

### **Wrap Fee Programs**

Wrap fee programs generally are arrangements where clients are charged a single fee for both advisory services and brokerage commissions. EFA does not participate in wrap fee programs.

More information about EFA's fee structure is available under Item 5, "Fees & Compensation" below and EFA's process for evaluating Portfolio Managers is also discussed under Item 8, "Methods of Analysis, Investment Strategies & Risk of Loss."

### **Assets Under Management**

As of 12/31/2016, Econologics Financial Advisors had \$7,684,825 in non-discretionary assets under management (AUM).

**Item 5: Fees and Compensation**

The fees for EFA's services (including investment advisory services) are stated below. Fees are negotiable based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, negotiations with client, etc.). The client agreement will specify the fee arrangement in writing. EFA reserves the right to negotiate fees which may be higher or lower than those paid by other clients, and which may be higher or lower than fees charged by other firms for comparable services.

*Financial Planning Fees:* Comprehensive financial planning is a coordinated effort between EFA and the client to identify purpose, personal, and family core values, financial needs and life goals then integrate these ideals into various strategies. The fee for preparation of the Econologics Road Map (which is based on an hourly rate of up to \$400) is generally in the range of \$4,500, not to exceed \$12,500. In the ordinary course, the Econologics Road Map is prepared and delivered concurrently with client attendance of the Private Practice Millionaire Academy, a three-day seminar offered by Econologics Institute, Inc., an affiliate of EFA.

The total fee (including the cost to review the client's financial information and prepare the financial plan) will be fully disclosed up-front in a Financial Planning Agreement ("Agreement"). EFA requires the entire fee be paid at the time the Agreement is signed. Once the Econologics Road Map is delivered, if the client decides to implement the financial plan with us, it will require a separate annual retainer through Private Practice Millionaire® Club Prime Membership.

*Private Practice Millionaire® Club:* For an annual retainer, clients receive Private Practice Millionaire® Club Prime Membership. Monthly Membership includes benefits, including special reports and educational materials, which are described in detail in separate EFA sales brochures. With regard to investment advisory services, the membership includes:

*ARMoR: The Annual Road Map Renovation®:* A proprietary financial plan annual review program that improves and corrects the implementation of the Econologics Road Map, and Quarterly Strategic Insight Calls

*Private Practice Millionaire Club -- Annual Retainer Fee:* The annual retainer fee for Private Practice Millionaire Club (PPMC), which is billed at the beginning of each month, ranges from between \$375 and \$975. The minimum commitment to the PPMC is three months. Generally, eligibility for an Annual Review is dependent on participation in the PPMC for the full 12-month Prime Membership period.

*Portfolio Monitoring Fee:* Portfolio monitoring is provided on an asset-based fee arrangement. Monitoring fees are calculated based on the aggregate market value of the account multiplied by the corresponding annual percentage rate. To determine the quarterly fee billed to the client's account, the corresponding annual rate is divided by 365 calendar days then multiplied by the number of days in the calendar quarter (i.e.,  $1.50\% / 365 \text{ calendar days} = 0.00411\%$  x 91 days = .3740% quarterly fee rate) then multiplied by the aggregate market value of the account. The monitoring fee applies to all assets that the client wants EFA to monitor.

EFA retains discretion to negotiate the monitoring fee for each tier on a client-by-client basis depending on the size, complexity and nature of the portfolio managed. In addition, as a client's portfolio value exceeds each tier level, either through additional deposits or asset growth, a fee break will occur. The monitoring fee tier breaks are as follows:

<u>Account Value</u>	<u>Maximum Fee Rate</u>
Up to \$250,000	1.50%
\$250,001 to \$500,000	1.25%
\$500,001 to \$2,500,000	1.00%
\$2,500,001 and up	Negotiable

In addition to the Portfolio Monitoring fee, clients will bear the cost of investment advisory fees charged by the Portfolio Managers. The Portfolio Managers' fees will be billed separately, in accordance with the terms of client's advisory agreement with each Portfolio Manager. Either EFA or the Portfolio Manager will deliver to the client a copy of the Portfolio Manager's Disclosure Brochure and/or any other required disclosure documents.

The Portfolio Manager's investment advisory management fee will generally not exceed an annual rate of .75%. NOTE: This means that the combined investment advisory fees of EFA and the Portfolio Manager can be as high as 2.25%.

### **Other Costs Involved**

In addition to the above fees, clients are responsible for paying any fees and expenses, such as brokerage commissions, associated with effecting of securities trades for client's investment portfolios. These fees include:

- Management fees for mutual funds, closed-end funds, and ETFs. (These are fees charged by the managers of the funds and are a portion of the expenses disclosed in the prospectus.)
- Mutual fund loads (if applicable) (These charges are paid to brokers as a form of commission.)
- Brokerage costs, transaction and administrative fees charged by the client's broker or custodian.

Additional details on these fees are described below.

*Mutual Fund and ETF Fees and Expenses:* If clients invest in mutual funds, closed-end funds, or exchange-traded funds (ETFs), clients will indirectly bear the fees and expenses paid by the funds to their service providers. These fees will include management fees, custody and administration fees and expenses, and in some cases a sales load or distribution fee. These fees and expenses are described in each fund's prospectus.

*Brokerage and Custodial Fees:* In addition to advisory fees paid the client will also be responsible for all transaction, brokerage, and custodial fees incurred as part of overall account management. Please see Item 12 of this Brochure for important disclosures regarding the Advisor's brokerage practices.

*Fees in General:* Under no circumstances will EFA earn fees in excess of \$1,200 more than six months in advance of services rendered.

### **Account Termination**

*Econologics Road Map Termination:* The client may terminate the Financial Planning Agreement at any time prior to the presentation of any final planning documents. The client will be charged the hourly rate specified in the Agreement for any time spent in the development and preparation of the final planning documents through the termination date. Any prepaid fees, if un-earned, will be returned promptly. Once the financial plan has been completed and presented to the client, the full amount of the fee will be charged.



*Private Practice Millionaire® Club:* The Private Practice Millionaire Club Prime Membership annual retainer service can be terminated as of the then current month-end. Fees paid for the final month will not be refunded.

*Termination of Portfolio Monitoring:* Either party may terminate the portfolio monitoring service upon 30-days written notice to the other party. Such notification should include the date the termination will go into effect along with any final instructions on the account.

In the event termination does not fall on the last/first day of a calendar quarter, the fee shall be pro-rated based on the number of days in the quarter during which the Agreement will have been in effect after the termination notice goes into effect.

#### **Item 6: Performance-Based Fees and Side-by-Side Management**

Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client (i.e. client that is a hedge fund or other pooled investment vehicle). Econologics Financial Advisors does not charge performance-based fees.

Because EFA charge clients only fixed fees, the management of multiple accounts with the same investment objectives does not raise a conflict of interest.

#### **Item 7: Types of Clients**

EFA's investment advisory clients generally include individuals, including high-net-worth individuals, their family members, businesses, foundations, endowments, and benefit plans. Many clients are the owners of private professional practices who have attended Econologics Institute three-day training program called the **Private Practice Millionaire Academy**.

While EFA does not specify a minimum account size or minimum annual fee for Portfolio Monitoring services, it may be determined that certain prospective clients' accounts are impracticable or inappropriate for EFA to manage.

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

##### **Summary**

In developing a long-term investment strategy for clients, EFA consults with clients to understand their financial needs and investment objectives, time horizon, and risk tolerance. These factors are incorporated into the client's IPS. EFA may then recommend effecting the strategy through one or more Portfolio Managers who may manage the client's account directly or through a pooled investment vehicle, such as mutual funds, exchange traded funds ("ETF"), unit investment trusts ("UIT") or variable annuity separate accounts.

In evaluating a client's need for reliable long-term income sources, EFA may recommend an investment in a fixed index annuity. EFA may also recommend an indexed universal life insurance policy. See important disclosures regarding potential conflicts of interests under Item 10, below.

In addition, depending on a client's risk tolerance, EFA may also recommend an allocation to investments which carry a higher degree of risk, including leveraged index funds, closed-end funds, hedge funds, derivatives (e.g., options and futures) and other types of alternative investments. Any recommendation of these types of investment will entail a thorough discussion with the client of their unique risk characteristics.

All investments involve different degrees of risk. Clients should be aware of their risk tolerance level and financial situations at all times. EFA cannot guarantee the successful performance of an investment and is expressly prohibited from guaranteeing accounts against losses arising from market conditions.

**Investment Strategy**

EFA's investment strategies generally incorporate the following methodologies:

*Modern Portfolio Theory:* Modern Portfolio Theory ("MPT") is the analysis of a portfolio of stocks as opposed to selecting stocks based on their unique investment opportunity. The objectives of MPT is to determine their preferred level of risk then construct a portfolio that maximizes the expected return for that given level of risk. This investment methodology follows five (5) basic premises, each of which is derived from MPT.

- Clients are inherently risk-averse.
- The markets are basically efficient.
- The focus of attention is shifted away from individual securities analysis to consideration of portfolios as a whole, predicated on explicit risk-reward parameters.
- For any level of acceptable risk there is a rate of return that should be targeted.
- Portfolio diversification is not so much a function of how many issues are involved, but more a function of the relationships and proportions of each asset to its correlating asset.

*Asset Allocation:* Asset Allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk. From this there are more narrow and aggressive Asset Allocation derivatives that may be used.

*Dollar-Cost Averaging:* Dollar-cost averaging is the technique of buying a fixed dollar amount of securities at regularly scheduled intervals, regardless of the price per share. This will gradually, over time, decrease the average share price of the security. Dollar-cost averaging lessens the risk of investing a large amount in a single investment at the wrong time.

**Methods of Analysis**

Econologics Financial Advisors utilizes a variety of methods and strategies to guide allocation recommendations. The methods of analysis include fundamental research/analysis, technical analysis, and cyclical analysis. These methods are also used by the Portfolio Managers in evaluating specific investments

*Fundamental Analysis:* This method of analysis examines a company at a basic or fundamental financial level. It considers its financials and operations (especially sales, earnings, growth potential, profitability, competitive strengths and weaknesses, assets, debt, management, etc.) in order to determine the company's financial health. Fundamental analysis takes into consideration only those variables that are directly related to the company itself, rather than the overall state of the market or technical analysis data.

*Technical Analysis:* In contrast to fundamental analysis, this method of evaluating securities analyzes market activity, such as past prices and volume, in order to forecast market direction. Technical analysis utilizes price patterns, charts, and other tools to identify trends that can suggest future market behavior.

*Cyclical Analysis:* This analysis takes into consideration economic cycles in order to predict how various sectors of the market will perform. For example, in periods of slow economic activity, stocks in consumer staples such as food and household products may be appropriate. As the economy moves into a period of recovery and people resume spending, consumer discretionary stocks such as retailers or automakers may become more attractive.

The Advisor gathers and utilizes research information from a variety of sources including: *Bloomberg, Standard and Poor's, Morningstar*, and news from other financial magazines and publications. In addition to these sources, portfolio Managers may also consult corporate rating services, annual reports, prospectuses, filings with the

Securities and Exchange Commission, and company press releases. In some instances and for some companies, Portfolio Managers may hold discussions with management.

EFA investment professionals meet informally periodically to review market conditions and determine how it may affect client's asset allocations.

Clients should be aware that there are risks associated with all types of investments, including investment in securities. Investments are not insured or guaranteed. Investing in securities involves risk of loss that clients should be prepared to bear.

Depending on the needs of individual client's EFA may recommend that all or a portion of their investment portfolio be allocated to a Portfolio Manager who engages in some or all of the following investment strategies:

*Leverage.* The Advisor may have the authority to borrow, trade on margin and otherwise obtain leverage from brokers, banks, and others on a secured or unsecured basis. Clients may utilize leverage to the extent deemed appropriate by the Advisor, and the amount of leverage utilized by clients may be significant.

*Short Selling.* Short selling may be employed opportunistically as a part of a client's investment strategy. Short positions will involve both hedging situations, where the position is intended to wholly or partially offset another position in a related security, and speculative situations, where the Advisor believes the security sold short is likely to decline in price.

*Options.* The Portfolio Manager may engage in various types of options transactions, including hedging and speculative positions in options on securities and indices, including both put and call options.

*Trading.* Some of the investment strategies may involve a significant level of trading. Trading costs are borne by the Clients and will therefore reduce portfolio returns.

### **Market, Security and Regulatory Risks**

Investment recommendations made by Econologics Financial Advisors often involve significant risks, which may include a complete loss of initial investment. All investment programs have certain risks that are borne by Clients which are described below.

#### ***Market Risks***

*Competition. Availability of Investments.* Certain markets in which the Portfolio Managers may invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that the Portfolio Managers will be able to identify or successfully pursue attractive investment opportunities in such environments.

*Market Volatility.* The profitability of the portfolios substantially depends upon the Portfolio Managers correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The Portfolio Managers cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

*The Portfolio Managers' Investment Activities.* The Portfolio Managers' investment activities may involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Portfolio Managers. Such factors include a wide range of economic, political, competitive, technological and other conditions (including acts of terrorism and war) that may affect

investments in general or specific industries or companies. The securities markets may be volatile, which may adversely affect the ability to realize profits.

*Material Non-Public Information.* By reason of their responsibilities in connection with other activities of the Portfolio Manager and/or its principals or employees, certain principals or employees of a Portfolio Manager and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Portfolio Manager will not be free to act upon any such information. Due to these restrictions, the Portfolio Manager may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

*Accuracy of Public Information.* Portfolio Managers select investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Portfolio Managers by the issuers or through sources other than the issuers. Although a Portfolio Manager evaluates all such information and data and sometimes seeks independent corroboration when it's considered appropriate and reasonably available, the Portfolio Manager is not in a position to confirm the completeness, genuineness, or accuracy of such information and data. In some cases, complete and accurate information is not available.

*Leverage.* When deemed appropriate, EFA may recommend a Portfolio Manager that employs leverage, whether directly through the use of borrowed funds, or indirectly through investment in certain types of financial instruments with inherent leverage, **such as puts, calls, and warrants**, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss.

*Options and Other Derivative Instruments.* The Portfolio Managers may invest, from time to time, in the buying and selling of puts and calls on some securities or financial indices. The prices of options are highly volatile and depend on the values of the securities, indexes, currencies, or other instruments underlying them. Price movements of options are also influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies.

*Commodity Risk.* A Portfolio manager may invest a portion of the account in ETFs or mutual funds that invest directly in commodities, e.g., precious metals or oil and gas. Such investments tend to be more volatile than more standard investment types. The use of leverage in connection with such investments could create a risk of substantial losses.

*Hedging Transactions.* Portfolio Managers may establish hedges for portfolio positions depending on a client's risk tolerance and overall investment objectives. Any hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase.

*Market or Interest Rate Risk.* The price of most fixed income securities moves in the opposite direction of the change in interest rates. For example, as interest rates rise, the price of fixed income securities falls. If the account holds a fixed income security to maturity, the change in its price before maturity may have little impact on the account's performance; however, if the Portfolio Manager has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to the account.

***Inflation Risk.*** Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Portfolio Manager purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation-linked bonds, adjustable bonds or floating rate bonds, the account is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security.

***Non-U.S. Investments.*** Investing in the financial instruments of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets, and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the client's investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, the Portfolio Manager may be unable to structure transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce the client's rights in such markets. For example, financial instruments traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the securities laws and regulations of the U.S. Accordingly, the protections accorded to the client under such laws and regulations are unavailable for transactions on foreign exchanges and with foreign counterparties.

***Risk of Default or Bankruptcy of Third Parties.*** A Portfolio Manager may engage in transactions in financial instruments and other assets that involve counterparties. Under certain conditions, the account could suffer losses if a counterparty to a transaction were to default or if the market for certain securities or other financial instruments and/or other assets were to become illiquid.

### ***Regulatory Risks***

***Strategy Restrictions.*** Certain clients (e.g. ERISA clients) may be restricted from directly utilizing investment strategies of the type in which the Portfolio Manager may engage, or may restrict the Portfolio Manager from utilizing them, e.g., the use of leverage. Clients which may be so restricted should consult their own advisors, counsel, and accountants to determine what restrictions may apply or may be appropriate.

***Trading Limitations.*** For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the account to loss. Also, such a suspension could render it impossible for the Portfolio Manager to liquidate positions and thereby expose the Account to potential losses.

### ***Security Specific Risks***

***Liquidity.*** Liquidity is the ability to readily convert an investment into cash. Securities where there is a ready market that is traded through an exchange are generally more liquid. Securities traded over the counter or that do not have a ready market or are thinly traded are less liquid and may face material discounts in price level in a liquidation situation.

*Currency.* 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.

**Item 9: Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material in the evaluation of Econologics Financial Advisors or the integrity of the firm's management. EFA along with its principal owners and employees have not been disciplined by any governing authority, including any regulatory agency, CFP Board of Standards, or any industry association of which they are licensed and/or are members within the required reporting period.

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

*Insurance Company Activities and Affiliations:* In addition to investment advisory activities, supervised persons of also engage in sales of insurance products. All of EFA's supervised persons are licensed as resident life, health, and annuity insurance agents by the State of Florida and may be licensed as non-resident agents in other states. Each agent is licensed to sell insurance-related products and earn commissions from the sale of these products.

Consistent with the long-term objectives of clients, an EFA investment advisor representative may recommend that clients invest a portion of their investible assets in fixed index annuities or index universal life insurance. These are insurance contracts which pay interest based on the performance of an external index, with the principal investment guaranteed by the insurance company. When EFA investment advisor representatives determines that such an investment is appropriate, they explain to the client that they are also insurance agents and are offering to sell the client a fixed index annuity, for which they will receive a commission. The fact that investment adviser representative's role is changing from acting in a fiduciary capacity to acting in a sales capacity, and the attendant conflicts of interest, are fully disclosed to the client orally and in writing. The clients are also reminded that they are free to purchase the same or similar annuity from an agent unaffiliated with EFA.

*Econologics Institute, Inc.:* An affiliated company, Econologics Institute, Inc. ("EI") offers the Private Practice Millionaire Academy and other seminars and publishes educational materials offered directly on the web and offered to EFA clients at a discount. EI also provides marketing services to EFA by providing advertising and promotional materials. Attendees of the seminars are the primary source of new clients for EFA.

Since the Advisor endeavors at all times to put the interest of its clients first as part of its fiduciary duty as a registered investment advisor, the Advisor takes the following steps to address these conflicts:

- The Advisor discloses to clients the existence of all material conflicts of interest.
- Econologics Financial Advisors ensures that each client's investment objective, risk tolerance, etc. are codified in an Investment Policy Statement ("IPS").
- Management conducts regular reviews of client accounts to verify that all allocations are in-line with the client IPS and consistent with client objectives.

Neither Econologics Financial Advisors nor its principal owners are registered or have an application pending to register as a broker-dealer or registered representative of a broker-dealer.

Neither Econologics Financial Advisors nor its principal owners are registered or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Except as described below in Item 14: Client Referrals and Other Compensation, Econologics Financial Advisors does not have any material business relationships with other investment advisors that it recommends or selects for clients.

**Item 11: Code of Ethics, Participation in Client Transactions and Personal Trading**

The Advisor strives to observe the highest industry standards of conduct based on its obligation as a fiduciary to its clients. In an effort to meet this obligation, Econologics Financial Advisors has adopted a written Code of Ethics (the “Code”) that is applicable to all employees. Each employee will be provided a copy, and is required to acknowledge, in writing, that they have received, read, understand and will abide by, the Code, and the EFA’s Compliance Manual, upon commencement of employment and upon any material change to the Code.

The Code requires that employees act in the client’s best interests and comply with applicable laws and regulations. Employees are expected to avoid any action that is, or could even appear to be, legally or ethically improper. The principles outlined in the Code apply to all conduct, whether or not the conduct is also covered by more specific standards or procedures set forth in the Code, Compliance Manual, or elsewhere. Employees are required to bring any violations, actual or suspected, of the Code immediately to the attention of EFA’s Chief Compliance Officer (“CCO”). Failure to comply with the Code may result in disciplinary action or other sanctions including termination of employment.

The Code also places certain restrictions on the personal trading activities of employees and their immediate family members. Employees may generally engage in personal trading only by obtaining prior approval and subject to pre-clearance by the Chief Compliance Officer. However, employees may purchase and sell open-end mutual funds, exchange traded funds (“ETFs”), and any other securities not specifically prohibited by the Code without pre-clearance. Employees are required to disclose their personal securities holdings annually and personal securities transactions quarterly to the Chief Compliance Officer. Employees may also participate in limited offerings such as hedge funds, private equity funds, or other types of private offerings, subject to pre-clearance procedures.

EFA, its employees or affiliates (collectively “Related Persons”), will generally have an investment in the funds managed by us. As a result, Related Persons have an interest in an investment that may also be recommended to clients.

A copy of the Code of Ethics shall be provided to any client or prospective client upon request. Material components of the Code, in summary form, include:

*Standard of Business Conduct.* It is the responsibility of all employees to ensure that the Advisor conducts its business with the highest level of ethical standards and in keeping with its fiduciary duties. Employees have a duty to place the interest of the clients first, and to refrain from having outside interests that conflict with the interests of its client(s).

*Prohibited Conduct.* The Advisor's employees must avoid any circumstances that might adversely affect or appear to affect their duty of complete loyalty to clients.

*Privacy of Client Information.* All information relating to clients' portfolios and activities, and proposed recommendations is strictly confidential. Consideration of a particular purchase or sale for may not be disclosed, except to authorized persons.

*Personal Securities Transactions.* All employees shall comply with the Advisor's personal account trading policy summarized below.

*Conflicts of Interest.* Employees may not use any confidential information or otherwise take inappropriate advantage of their positions for the purpose of furthering any private interest or as a means of making any personal gain. Employees and their immediate families may not accept any benefit from clients or any person who does business with the Advisor, other than business courtesies and non-cash gifts of nominal value.

*Service as a Director.* No employee may serve as a director of a publicly-held company without prior approval by the Chief Compliance Officer based upon a determination that service as a director would not be adverse to the interest of clients.

*Reporting of Violations.* Employees are required to promptly report all actual or potential conflicts of interest, violations of any government or regulatory law, rule or regulation, or violations of the Advisor's policies and procedures.

*Training.* Formal ethics training for all employees will occur on a periodic basis.

*Review and Enforcement.* The CCO is responsible for ensuring adequate supervision over the activities of all persons who act on the Advisor's behalf in order to prevent and detect violations of the Code by such persons.

*Participation or Interest in Client Transactions and Personal Securities Trading.* All employees shall comply with the procedures governing personal securities transactions set forth in the Code. Such procedures are designed, among other matters, to assist the CCO in avoiding potential conflicts of interests and detecting and preventing abusive trading practices such as “scalping” or “front running” and to highlight potentially abusive “soft dollar/client commission” or brokerage arrangements. Strict compliance with the Advisor’s personal trading policy is essential to the Advisor and its reputation. Any violation of the Advisor’s personal trading policy can be grounds for immediate dismissal by the Advisor of any employee. Every employee of the Advisor is expected to be familiar with the personal trading policy and the procedures contained therein. These matters can be reviewed with the CCO at any time.

The CCO shall maintain current and accurate records of all personal securities transactions in which employees have a direct or indirect beneficial interest. The following restrictions shall apply to securities transaction(s) by employees of the Advisor and their related persons:

*Restricted Securities.* The Advisor shall maintain a restricted list of securities for which no trading by employees is allowed, e.g. because the Advisor may have material non-public information.

*Black-Out Period.* No employee will be permitted to purchase or sell a security within a specified number of days before or after clients buys or sells the same or related security. In no event may any employee execute a personal transaction in a security on any day during which there is pending for clients any order in the same security until the order is filled or withdrawn.

*Disclosure to CCO.* Each analyst or trader is required to promptly disclose to the CCO any security under active consideration for purchase or sale.

*Initial Report.* An employee shall, no later than 10 days after the employee begins its relationship with the Advisor, provide the Advisor with brokerage account statements, which are as of a date that is within 45 days of the date the employee submits them to the Advisor, and complete and submit a list of brokerage accounts.



*Quarterly Reports.* On a quarterly basis all employees shall submit to the CCO a personal securities transaction report.

*Annual Report.* Following the completion of each calendar year, employees must resubmit a list of personal brokerage accounts.

*Record-Keeping Requirements.* The CCO shall establish a form to record personal securities transactions.

### **Item 12: Brokerage Practices**

EFA has established relationships with one broker-dealer firm which act as custodians for client accounts: Trade-PMR, Inc. Generally, EFA will not provide ongoing investment advisory services related to a client's investment portfolio unless the client establishes custody and trading accounts at this firm. EFA has selected this firm on the basis of the following factors: competitive commission rates and other charges, the quality of their trading platforms and on-line services for account administration and support, their general reputation and EFA's positive past experience with them, their trading capabilities and investment inventory; and their stable financial condition.

Because EFA does not manage discretionary investment accounts, it does not place trades for client accounts. When appropriate, EFA may offer assistance to clients in opening accounts or effecting trades.

EFA has no "soft-dollar" arrangements or other arrangements which require EFA to direct transactions to either brokerage firm in exchange for receipt of certain benefits. EFA does receive products and services from these firms which they make available generally to investment advisors who utilize their platform, (and which are not available to retail clients), including receipt of duplicate client statements and confirmations; access to a dedicated trading desk; the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for order entry and account information; access to mutual funds with no transaction fees; and access to certain institutional money managers. EFA also receives unsolicited research reports and other educational materials and tools.

EFA currently has no other business relationship with these firms or other broker-dealer firms.

In directing clients to use these firms, EFA is mindful of its duty to select firms that are likely to provide "best execution" for client transactions. Best execution does not necessarily mean the lowest commission but the best overall qualitative execution in the particular circumstances. EFA periodically re-evaluates the firms to assure that they are meeting or exceeding EFA's criteria in comparison to competing firms.

With regard to Portfolio Managers recommended by EFA as part of the Portfolio Monitoring service, clients should refer to their respective Disclosure Brochures for information about their brokerage practices. Although EFA does not have discretionary authority over managed accounts EFA investment advisor representative may assist clients in placing individual trades by facilitating telephone conversations with the client and the third party advisor and be available to respond to inquiries that may help in the processing of such transactions.

### **Item 13: Review of Accounts**

Clients are reminded to advise EFA of any changes in their financial circumstances, plans, or objectives. However, it is ultimately the clients' responsibility to communicate such changes to EFA so that the appropriate planning adjustments can be made.

*Road Map/ARMOR Reviews:* Clients with Private Practice Millionaire Club Prime Membership for annual retainer services will have received a financial plan designed by an investment advisor representative, who work closely with the clients to be sure the action points identified in the financial plan have been or are being properly executed.

Once the action points have been completed, the financial plan will be reviewed at least annually. Material changes in a client's lifestyle choices, personal circumstances, the general economy, or tax law changes can trigger more frequent reviews.

*Portfolio Monitoring Reviews:* The investment advisor representative assigned to a client's account will regularly monitor and evaluate the performance of the Portfolio Manager(s) managing the account. The investment advisor representative will also make recommendations regarding the account and the Portfolio managers based on any changes in the client's investment objectives, risk tolerance or other relevant factors. The performance of each account is addressed at length with each client on an annual basis and as needed.

*Reports:* Clients receive, at least quarterly, statements from the custodian where their account is held, which summarize the specific investments held, the value of the portfolio, and account transactions. Clients are encouraged to review each statement carefully.

Again, clients are reminded to review their account statements in detail for a full understanding of the services rendered and the associated costs therein. Questions regarding such documentation may be addressed directly to the Chief Compliance Officer.

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

*Compensation from Insurance Sales:* As previously mentioned, all of EFA's supervised persons are commissioned insurance agents (See "Insurance Company Activities & Affiliations" above in Item 10, "Other Financial Industry Activities & Affiliations" for more information.). This creates an incentive for EFA's supervised persons to recommend products in which they will receive a commission. Consequently, loyalties could be divided and the objectivity of EFA's advice could be subjective and create a disadvantage to the client.

*Payment of Referral Compensation:* EFA does not provide cash compensation to individuals or firms for client referrals,

*Receipt of Referral Compensation:* EFA has entered into an agreement with an unaffiliated financial services firm under which EFA is compensated for referrals of certain clients with retirement accounts. EFA is paid a percentage of the advisory fees paid to the firm by referred clients. The parties to the referral agreement are required to comply with Investment Advisers Act Rule 206(4)-3, which includes a requirement that EFA provide each prospective client with a disclosure document which describes the referral compensation arrangement.

*Referral to Third Party Professionals:* Frequently, EFA will advise clients of the need to engage outside consultants and specialized professionals (e.g., attorneys, accountants) to implement certain aspects of an estate or financial plan. When the client does not already have a relationship with such a professional, EFA will recommend one. EFA does not receive any compensation from any professionals whom it recommends to clients, does not pay referral fees to such professionals for referrals to EFA, and has no agreements, formal or informal to reciprocate in any manner for past referrals. Nevertheless, the possibility of a cross-referral could give EFA an incentive to recommend specific professionals.

#### **Item 15: Custody**

*SEC "Custody":* Except in the limited instances described below, EFA does not have custody of clients' assets.

In the view of the SEC, investment advisers are deemed to have "custody" of client funds if they have the ability to directly debit advisory fees from client accounts. Because EFA has authorization to directly debit the client's account(s) for payment of advisory fees EFA is said to exercise limited custody over client assets. EFA is

responsible for assuring that the account's independent, qualified custodian will provide account statements directly to clients at least quarterly, and that the client's statement will clearly label the advisor's fee.

*Custodian Account Statements:* Qualified custodians (Trade-PMR) that hold client assets will provide account statements directly to clients at their address of record at least quarterly. The statement will indicate all amounts disbursed from the account including the amount of management fees paid directly to EFA. Clients are encouraged to carefully review the statements provided by their custodians.

#### **Item 16: Investment Discretion**

EFA does not maintain discretionary authority over client's investment portfolios. This means that all investment decisions may only be effected with the client's approval. All trades made by the firm are conducted in accordance with each client's investment objectives and goals.

Broker-dealer selection is made according to those specific guidelines previously mentioned in Item 12 of this brochure, with client's written approval.

#### **Item 17: Voting Client Securities**

As a matter of firm policy and practice, EFA does not have authority to and does not vote proxies on behalf of advisory clients. EFA does not vote proxies that are solicited for securities held in clients' accounts. In addition, for those clients that hold pooled investment vehicle interests such as mutual fund shares, EFA will not accept proxy voting authority or responsibility. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients should expect to receive proxy materials directly from the custodian. Any proxy materials delivered to EFA will be immediately forwarded to the client.

#### **Item 18: Financial Information**

Registered Investment Advisers are required in to provide certain financial information or disclosures about their financial condition.

*Balance Sheet:* A balance sheet is not required to be provided because the Advisor does not serve as a qualified custodian and does not require prepayment of fees of more than \$1,200 and six months or more in advance.

*Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients:* The Advisor does not have any financial impairment that will preclude it from meeting contractual commitments to clients.

*Bankruptcy Petition during the Past Ten Years:* Not applicable to Econologics Financial Advisors or its principal owners.

#### **Miscellaneous**

*Privacy:* EFA prohibits the disclosure of any client-related non-public personal information as collected by the firm throughout the client/firm relationship. However, EFA may make limited disclosure of such information as authorized by the client, or as otherwise provided by law. A copy of the EFA's Privacy Policy will be provided to each client upon inception of the relationship and annual thereafter.

*Business Continuity:* EFA has made preparations via a planning document to expedite the resumption of business in the event of a major disruption. Among other issues, the plan details how clients may access their accounts in the event of an emergency. A copy of the Business Continuity Plan is available for review by request.