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**02-24-2012**

**FORM ADV PART 2**

**BROCHURE**

**This brochure provides information about the qualifications and business practices of Intellinomics, Inc. If you have any questions about the contents of this brochure, please contact us at (937) 435-7070 or [paul.mccollum@intellinomics.com](mailto:paul.mccollum@intellinomics.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Intellinomics, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Intellinomics, Inc. is 132456.**

**Intellinomics, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

## **Item 2 Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, Intellinomics, Inc. will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

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## Item 4 Advisory Business

### Description of Services and Fees

We are a registered investment adviser based in Dayton, Ohio. We are organized as a corporation under the laws of the State of Ohio. We have been providing investment advisory services since 2007. Paul Stephen McCollum is our principal owner.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we deliver advisory services.

### Portfolio Management Services

We offer a discretionary portfolio management service known as the Intellinomics Portfolio Process (**IntelliFolio™**). Our investment advice is based on a unified approach to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine if your investment objectives, risk tolerance, and other relevant information (the "suitability information") is a good fit for the investment management philosophy and methodology our firm uses to deliver continuous and focused investment advice. As part of our portfolio management services, we generally invest your assets according to one model portfolio, or a derivative of that model portfolio, developed by our firm. This Model is a "template," or a guide for actual client portfolios. Allocation differences at any point in time may be due to market fluctuation, or time needed to adjust client portfolios after the Model is changed. Also, position size along with any legacy assets may cause some variant to the model.

After determining a good fit between our management style and philosophy and your objectives and expectations, we will initiate your portfolio and monitor the performance on an ongoing basis, along with rebalancing or repositioning the portfolio as per changes in the model.

We require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

Assets Under Management**	Annual Fee
First \$500,000	1.00%
Next \$500,000	0.75%
Next \$2,000,000	0.50%
Over \$3,000,000	0.35%

\*\*All assets in any form in a client's account are considered in determining Assets Under Management, including cash balances and money market assets.

Accounts valued at less than \$150,000, as a result of withdrawals from the account, are subject to a minimum annual fee of \$1500. However, in no event shall Intellinomics charge more than 3% per annum.

Our annual portfolio management fee is billed and payable quarterly in arrears based on the value of your account on the last day of the quarter.

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

You may terminate the portfolio management agreement upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

#### **Individual Directed Retirement Account Services**

We offer advice on asset allocation modeling and investment selection to participants in qualified plans. The name of this program is **The Intelli(k)®** Personal Investment Director and is proprietary to Intellinomics. Through this service, we provide asset allocation recommendations based on the client's available 401(k) investment choices. Any recommended changes to a participant's allocation will be made via email or letter to the client.

We charge a negotiable fixed fee for *Intelli(k)®*, ranging between \$250 and \$500 annually, depending on the menu of investments available in the plan. Fees are payable in advance.

You may terminate *The Intelli(k)®* Personal Investment Director agreement upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Our recommendations made through *The Intelli(k)®* Personal Investment Director are the responsibility of the Client to implement. Such recommendations involve investment selections for the client that are both long term (one year or longer) and short term in nature.

#### **Financial Consulting Services**

We offer consulting services which primarily involves advising clients on specific financial-related topics. The topics we address may include, but are not limited to, portfolio reviews, estate-planning aspects pertaining to IRA beneficiaries and general consulting services. We charge a negotiable hourly fee for advisory consulting services of \$150. Our consulting fee is payable upon completion of the agreed upon consulting services.

#### **Types of Investments**

We primarily offer advice on exchange traded funds and notes, and we may also provide advice on mutual funds, equity securities, corporate debt securities, certificates of deposit, municipal securities and U.S. Government securities.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of January 4, 2012, we manage \$51,000,000 in client assets on a discretionary basis. We do not manage client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

Please refer to the "Advisory Business" section in this Brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through which your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Brochure.

### **Compensation for the Sale of Other Investment Products**

Paul McCollum is licensed as independent insurance agent through Crump Insurance Agency and will earn commission-based compensation for selling insurance products to you. Insurance commissions earned by Mr. McCollum are separate and in addition to our advisory fees. This practice presents a conflict of interest because Mr. McCollum has an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through Mr. McCollum.

Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## Item 7 Types of Clients

We offer investment advisory services to individuals, trusts, estates, and charitable organizations.

In general, we require a minimum of \$ 150,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

### Our Analysis and Investment Methods

The investment style used to manage client portfolios is primarily a tactical allocation determined by the evidence of supply/demand analysis and relative strength studies. The underlying concept is the belief that changes in price action foreshadow changes in fundamentals.

The tactics are the maneuverings or the management of the investments in the portfolio to adapt to the changing market and economic environments. This is also called tactical asset allocation, and is in contrast to *strategic asset allocation*, where a pre-determined portfolio across all the asset classes is selected with a buy-and-hold-posture and periodic rebalancing. It is important to note that while a tactical approach is used, the purpose is to manage investment portfolios rather than trading portfolios (such as day-trading). For example, Intellinomics may not try to capture a tradable rally in a bear market.

We may use one or more of the following methods of analysis or investment methods when providing investment advice to you:

- **Charting and Technical Analysis** - Charting analysis involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations to determine Supply and Demand. The resulting data is then applied to graphing charts, which is used to presume future price movements based on price patterns and trends. Technical Analysis involves studying past price patterns and trends in the financial markets to presume the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.
- **Relative Strength Analysis** - As the name implies, relative strength (RS) measures how one investment is doing compared with another investment, or how it is doing compared to its peer group (sector or industry), or how it is doing compared to an index. RS studies can also be used just on indices, or sector, or industry groups. Because securities, indices or groups are being compared to one-another, it is one of the best ways to measure outperformance or underperformance in both a declining and advancing market.
- **Fundamental Analysis** - Fundamental analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an

accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.

The investment *philosophy* of our firm is grounded in the premise that portfolio management must remain adaptive over time. The model portfolio is an all-asset type portfolio, with the underlying objective to be invested according to the *primary or secular trend* - also considered a complete market cycle.

Intellinomics will strive to have your portfolio invested to maximize growth during *major portions* of secular bull markets, and to emphasize capital preservation during *major portions* of secular bear markets. The goal is to strike a balance between preserving the principal value of the portfolio, and growing the principal value of the portfolio.

We may use investment tactics that involve buying and selling securities over a short-term time horizon in an effort to capture significant market gains and avoid significant losses during a volatile market. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

### **Risk of Loss**

At Intellinomics we do not believe that "risk tolerance" can easily be quantified. An individual's tolerance for risk is like a moving target, as the attitude and willingness for risk will:

- Change over time
- Be relative to specific life issues
- Depend on the size of the portfolio
- Be subject to the periodic change of conventional thinking
- Be shaped by past experiences - both good and bad
- Be affected by social pressures

A more relevant issue is an individual's *capacity* for risk, which cannot be measured, but is based on past investment experience, along with present and future circumstances.

It is the experience of Intellinomics that over a complete market cycle, it is much more important to manage the downside risk than it is to show spectacular growth on the upside. We also believe that a process for controlling risk is important for all client portfolios, regardless of the capacity for risk.

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we primarily recommend exchange traded funds (ETF) and we may also recommend a variety of other securities. In the absence of a choice of ETFs, closed-end funds, open-end mutual funds and stocks may be used. Individual bonds (including preferred stock), ETNs (exchange traded notes) and REITs may also be used. Each type of security has its own unique set of risks and even with the same type of security,



risks can vary widely. In general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it. We have identified the more common types of securities we recommend and general risks associated with such investments as follows.

Mutual funds and exchange traded funds are professionally managed registered investments that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or a combination thereof. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of the fund, other types of mutual funds do charge such fees which can also reduce returns.

ETN's are unsecured debt obligations and are riskier than ordinary unsecured debt securities and have no principal protection.

Short ETF shares should lose money when their benchmark indexes rise—a result that is opposite from traditional ETFs. Short ETFs entail certain risks, including, in some or all cases, aggressive investment techniques (futures contracts, options, forward contracts, swap agreements and similar instruments), correlation or inverse correlation, leverage and market price variance, all of which can increase volatility and decrease performance.

## **Item 9 Disciplinary Information**

Intellinomics, Inc. has been registered and providing investment advisory services since 2005, and Paul McCollum has been registered as either an investment adviser representative or registered representative since 1986. Neither our firm nor Paul McCollum has any reportable disciplinary information.

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

We have not provided information on other financial industry activities and affiliations because we do not have any other relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities listed below.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. pension consultant
9. real estate broker or dealer
10. sponsor or syndicator of limited partnerships

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Paul McCollum at (937) 435-7070 or paul.mccollum@intellinomics.com.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this Brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw fees from your account (see *Item 15 - Custody*, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that clients in need of brokerage and custodial services utilize Charles Schwab & Co., Inc. (referred to as Schwab, or CS), a FINRA registered broker-dealer, member SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with CS. CS will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use CS as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "*Your Brokerage and Custody Costs*").

### **How We Select Brokers/Custodians to Recommend**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among other, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (see "products and Services Available to Us from Schwab")

### **Your Brokerage and Custody Costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account.

Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a certain minimum amount of assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

### **Products and Services Available to Us From Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional ® ) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage - trading, custody, reporting, and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a certain minimum amount of their assets in accounts at Schwab. Here is a more detailed description of Schwab's support services:

**Services That Benefit You.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provides access to client account data (such as duplicate trade confirmations and account statements)
- Facilitates trade execution and allocate aggregated trade orders for multiple client accounts
- Provides pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assists with back-office functions, recordkeeping, and client reporting services that generally benefit only us.

**Services That Generally Benefit Only Us** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

#### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a certain minimum amount of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. This minimum assets requirement may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business, which is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services, and not Schwab's services that benefit only us.

We believe that Schwab provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Schwab, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm.

#### **Additional Compensation**

During year 2012, Schwab Advisor Services provides us with a discount of up to \$16,000 on software programs made available by Schwab Performance Technologies and \$2,400 towards a quotation/trading system.

#### **Block Trades**

We may combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). When we do block trade, we will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our

discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

In the event orders are not block traded, clients may receive different prices for the same securities transactions. Furthermore, clients may not be able to buy or sell the same quantity of securities and may be charged higher fees or commissions, than if transactions were aggregated.

## **Item 13 Review of Accounts**

Paul McCollum, Owner/Chief Compliance Officer of Intellinomics, Inc., will monitor your accounts on a periodic basis and will conduct account reviews at least quarterly to ensure that the portfolio mix is consistent with the Model Portfolio. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals ;
- year-end tax planning;
- market moving events;
- security specific events; and/or,
- changes in your circumstances.

We will provide portfolio management clients with a written report, at least annually, detailing items such as activity and performance of the account. You will receive trade confirmations and monthly statements from your account custodian(s).

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

As disclosed under the "Fees and Compensation" section in this Brochure, Paul McCollum is licensed as an insurance agent through Crump Insurance Agency. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section.

## **Item 15 Custody**

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a independent qualified custodian. You will receive account statements from the independent qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. We will also provide annual statements to you reflecting the amount of advisory fee deducted from your account.

You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact Paul McCollum at (937) 435-7070 or [paul.mccollum@intellinomics.com](mailto:paul.mccollum@intellinomics.com).

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

## **Item 17 Voting Client Securities**

### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## **Item 19 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Paul McCollum at (937) 435-7070 or [paul.mccollum@intellinomics.com](mailto:paul.mccollum@intellinomics.com) if you have any questions regarding this policy.

### **Trade Errors**

From time-to-time we may make an error in submitting a trade order on your behalf. In these situations, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

If a profit results from the correcting trade, the profit will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons).

If the profit does not remain in your account and Schwab is the custodian, Schwab donates gains of \$100 or more to charity. If a loss occurs greater than \$100, our firm will pay for the loss. Schwab may retain gains of \$100 or less, if they are not kept in your account, to offset administrative expenses. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

## **Item 2 Summary of Material Changes Supplement**

The following material changes occurred since the last brochure dated March 17, 2011.

Under the Brokerage Practices/Additional Compensation sections, we amended our brochure on January 5, 2012 adding Charles Schwab & Co., Inc. as a recommended broker-dealer custodian and removed Raymond James Financial Services.