

**ITEM 1: COVER PAGE**

**PART 2A OF FORM ADV: *FIRM BROCHURE***

FEBRUARY 10, 2016

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**THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF HOOVER FINANCIAL ADVISORS, P.C. (HEREINAFTER “HOOVER” OR “FIRM” OR “WE”). IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT 610-651-2777 OR AT [PETE@PETEHOOVER.COM](mailto:PETE@PETEHOOVER.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 HOOVER IS AVAILABLE ON THE SEC’S WEBSITE AT [WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV). YOU CAN SEARCH THIS SITE BY A UNIQUE IDENTIFYING NUMBER, KNOWN AS A CRD NUMBER. THE CRD NUMBER FOR HOOVER IS 133979.**

**REGISTRATION AS AN INVESTMENT ADVISER DOES NOT REQUIRE AND SHOULD NOT BE INTERPRETED TO IMPLY ANY PARTICULAR LEVEL OF SKILL OR TRAINING.**

## ITEM 2: MATERIAL CHANGES

SINCE THE FILING OF OUR LAST ANNUAL UPDATING AMENDMENT, WE HAVE NO MATERIAL CHANGES TO REPORT.

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## ***Advisory Business***

### **Form ADV Part 2A, Item 4**

HOOVER FINANCIAL ADVISORS, P.C.'S (THE FIRM) REGISTRATION WAS GRANTED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION ON JANUARY 28, 2005. PETER KENT HOOVER (CRD NUMBER 1025901) IS PRESIDENT, CHIEF COMPLIANCE OFFICER AND ONE OF SEVERAL INVESTMENT ADVISOR REPRESENTATIVES (IAR) WITHIN THE FIRM. MR. HOOVER OWNS ONE HUNDRED (100%) PERCENT OF THE EQUITY OF THE FIRM. THE FIRM IS NOT PUBLICLY OWNED OR TRADED. THERE ARE NO INDIRECT OWNERS OF THE FIRM OR INTERMEDIARIES WHO HAVE ANY OWNERSHIP INTEREST IN THE FIRM. THE FIRM MANAGES EACH CLIENT'S PORTFOLIO ON AN INDIVIDUALIZED BASIS. CLIENTS MAY IMPOSE RESTRICTIONS. THE FIRM DOES NOT SPONSOR ANY WRAP PROGRAMS. THE FIRM MANAGED APPROXIMATELY \$472,208,867 ON A DISCRETIONARY BASIS AND \$28,425,561 ON A NONDISCRETIONARY BASIS AS OF DECEMBER 31, 2015.

THE FIRM OFFERS ITS SERVICES ON A FEE BASIS, WHICH MAY INCLUDE A PERCENTAGE OF ASSETS UNDER MANAGEMENT, ASSETS UNDER ADVISEMENT, FIXED FEES, AND/OR FEES ASSOCIATED WITH PROVIDING SERVICES UNDER A FINANCIAL PLANNING AGREEMENT. PRIOR TO ENGAGING THE FIRM TO PROVIDE INVESTMENT ADVISORY, CONSULTING OR FINANCIAL PLANNING SERVICES, THE CLIENT IS REQUIRED TO ENTER INTO ONE OR MORE WRITTEN AGREEMENTS WITH THE FIRM SETTING FORTH THE TERMS AND CONDITIONS UNDER WHICH THE FIRM WILL RENDER ITS SERVICES (COLLECTIVELY REFERRED TO AS "AGREEMENT").

THE FIRM IS NOT REQUIRED TO VERIFY ANY INFORMATION RECEIVED FROM CLIENT, ITS DESIGNEE, OR AUTHORIZED REPRESENTATIVE WHICH MAY INCLUDE OTHER PROFESSIONALS (ATTORNEY, ACCOUNTANT, ETC.) AND IS EXPRESSLY AUTHORIZED TO RELY ON SUCH INFORMATION.

THE FIRM WILL MANAGE ASSETS EITHER ON A DISCRETIONARY OR A NONDISCRETIONARY BASIS, AS AGREED WITH EACH CLIENT. TRADES IMPLEMENTED BY THE FIRM FOR DISCRETIONARY CLIENTS DO NOT REQUIRE PRIOR CLIENT CONSENT. NONDISCRETIONARY CLIENTS RETAIN ABSOLUTE DISCRETION ON ALL IMPLEMENTED INVESTMENT DECISIONS AND ARE FREE TO ACCEPT OR REJECT ANY OF THE FIRM'S RECOMMENDATIONS. EACH CLIENT IS ADVISED THAT IT REMAINS THE CLIENT'S RESPONSIBILITY TO PROMPTLY NOTIFY THE FIRM OR THE INVESTMENT ADVISER REPRESENTATIVE (IAR) IF THERE IS ANY CHANGE IN CLIENT'S FINANCIAL SITUATION OR INVESTMENT OBJECTIVES FOR THE PURPOSE OF REVIEWING, EVALUATING, OR REVISING THE PREVIOUS RECOMMENDATIONS AND/OR SERVICES.

THE CLIENT IS UNDER NO OBLIGATION TO ACT UPON ANY OF THE RECOMMENDATIONS MADE UNDER A FINANCIAL PLANNING OR CONSULTING AGREEMENT OR ENGAGE THE SERVICES OF ANY RECOMMENDED PROFESSIONAL, INCLUDING THE FIRM AND/OR ITS IAR'S.

THE CLIENT OR FIRM MAY TERMINATE THE AGREEMENT AT ANY TIME WITH PRIOR WRITTEN NOTICE. UPON TERMINATION OF AN AGREEMENT BY EITHER PARTY, THE FIRM WILL REFUND ANY INVESTMENT ADVISORY FEES PAID BY CLIENT AND UNEARNED BY THE FIRM AT THE END OF THE QUARTER. CLIENTS HAVE ADDITIONAL RIGHTS AND RESPONSIBILITIES UNDER SUCH AGREEMENTS. CLIENTS SHOULD READ CAREFULLY EACH AGREEMENT FOR FINANCIAL PLANNING AND CONSULTING OR INVESTMENT MANAGEMENT SERVICES BEFORE SIGNING. CLIENT AGREEMENTS RENEW AUTOMATICALLY ON THE FIRST YEAR'S ANNIVERSARY DATE AND THEREAFTER WITHOUT ACTION BY EITHER PARTY UNLESS TERMINATED. THE FIRM SHALL CONTACT CLIENT AT LEAST ANNUALLY TO REVIEW PREVIOUS SERVICES, RECOMMENDATIONS, AND TO DISCUSS THE IMPACT RESULTING FROM ANY CHANGES IN CLIENT'S FINANCIAL SITUATION OR INVESTMENT OBJECTIVES.

## **I. FINANCIAL PLANNING SERVICES**

FINANCIAL PLANNING SERVICES WILL TYPICALLY INVOLVE THE REVIEW OF A CLIENT'S OVERALL FINANCIAL SITUATION, PERSONAL AND FINANCIAL GOALS, RISK TOLERANCE AND OBJECTIVES. FINANCIAL PLANNING SERVICES OFFERED THROUGH THE FIRM'S IAR'S MAY INCLUDE ONE OR MORE OF THE FOLLOWING SERVICES:

FINANCIAL PLANNING	INSURANCE & NEEDS ANALYSIS
TAX PLANNING	RISK MANAGEMENT
EDUCATION FUNDING PLANNING	BUDGETING & CASH FLOW
RETIREMENT PLANNING	RETIREMENT ACCOUNT ANALYSIS
ESTATE PLANNING	PORTFOLIO ALLOCATION ANALYSIS
PORTFOLIO REVIEW ANALYSIS	

IN MOST CASES, THE TYPICAL STEPS IN THE FINANCIAL PLANNING PROCESS ARE AS FOLLOWS:

### **A. COMPLIMENTARY CONSULTATION**

AN INITIAL COMPLIMENTARY MEETING WITH IAR OR FIRM IS AVAILABLE TO DISCUSS FINANCIAL PLANNING SERVICES AND DETERMINE IF THEY WOULD BE BENEFICIAL TOWARDS ACHIEVING THE CLIENTS LONG-TERM FINANCIAL GOALS AND OBJECTIVES. AT THIS MEETING, IAR OR FIRM WILL DETERMINE IF SERVICES ARE COMPATIBLE WITH CLIENT FINANCIAL NEEDS. THERE IS NO COST OR OBLIGATION ASSOCIATED WITH THIS MEETING.

### **B. FINANCIAL PLAN PREPARATION AND PRESENTATION**

ON BEHALF OF THE FIRM, THE IAR WILL OBTAIN ALL RELEVANT INFORMATION PERTINENT TO THE CLIENT'S FINANCIAL SITUATION. THIS DATA WILL BE ANALYZED TO DEVELOP THE APPROPRIATE STRATEGY TO ACHIEVE THE CLIENT'S LONG- TERM GOALS AND OBJECTIVES. THE CLIENT'S FINANCIAL PLAN WILL BE PERSONALIZED AND COMPREHENSIVE AND WILL ENCOMPASS ALL AREAS OF FINANCIAL CONCERN. FINANCIAL PLANS ARE PREPARED ON A FEE ONLY BASIS AND FEES ARE DISCLOSED IN A WRITTEN FINANCIAL PLANNING AGREEMENT. ON BEHALF OF THE FIRM, A FINANCIAL PLANNING ENGAGEMENT LETTER WILL BE SENT DETAILING THE SERVICES RENDERED AND THE COST. CLIENT MUST SIGN AGREEMENT BEFORE SERVICES ARE PROVIDED.

### **C. IMPLEMENTATION OF SERVICES**

ON BEHALF OF THE FIRM, THE IAR WILL COORDINATE RECOMMENDATIONS WITHIN CLIENT'S PERSONALIZED FINANCIAL PLAN WITH CLIENT'S EXISTING ADVISORS. THE IAR CAN PROVIDE A FULL RANGE OF INVESTMENT AND INSURANCE SOLUTIONS. SERVICES ARE INDEPENDENT AND OBJECTIVE AND THE IAR HAS NO PROPRIETARY PRODUCTS. THERE IS NO OBLIGATION TO IMPLEMENT ANY RECOMMENDATIONS WITH IAR OR FIRM. FULL DISCLOSURE OF ALL FEES IS MADE BEFORE ANY SERVICES ARE RENDERED.

### **D. ONGOING FINANCIAL PLANNING SERVICES**

FOR THE FIRST YEAR AFTER THE PLAN HAS BEEN DELIVERED, THE IAR WILL PROVIDE NORMAL PLAN MAINTENANCE AND AN ANNUAL REVIEW MEETING, AT NO ADDITIONAL COST.

AFTER THE FIRST YEAR OF SERVICE HAS BEEN COMPLETED, CLIENT HAS THE OPTION TO REQUEST AN UPDATED FINANCIAL PLAN. THIS SERVICE WILL INCUR AN ADDITIONAL FEE ON AN ANNUAL BASIS. THE FEE WILL BE CHARGED IN ARREARS AND DUE UPON THE ANNIVERSARY OF THE AGREEMENT. THE IAR

WILL REVISE AND UPDATE THE CLIENT'S FINANCIAL PLAN BASED ON ECONOMIC, TAX AND PERSONAL CHANGES.

FEES FOR FINANCIAL PLANNING SERVICES ARE BASED ON THE COMPLEXITY OF THE CLIENT'S SITUATION. FOUR DIFFERENT FINANCIAL PLANNING AND CONSULTING FEE STRUCTURES ARE AVAILABLE - COMPREHENSIVE FINANCIAL PLANNING, ONGOING FINANCIAL PLANNING, ESTATE ADMINISTRATION, AND CONSULTING SERVICES. SEE Form ADV Part 2A, Item 5 FOR DETAILS.

## **II. INVESTMENT MANAGEMENT SERVICES**

THE FIRM OFFERS BOTH DISCRETIONARY AND NON-DISCRETIONARY INVESTMENT MANAGEMENT PORTFOLIOS COMPRISED PRIMARILY OF MUTUAL FUNDS. OTHER SECURITIES SUCH AS CORPORATE, GOVERNMENT, MUNICIPAL BONDS, CERTIFICATES OF DEPOSIT, AS WELL AS EXCHANGE TRADED FUNDS (ETF'S) AND PRIVATE PLACEMENT LIMITED PARTNERSHIPS MAY ALSO BE INVESTED WITHIN THE MANAGED ACCOUNT. DISCRETIONARY ACCOUNT TRANSACTIONS WILL BE IMPLEMENTED WITHOUT PRIOR CLIENT CONSENT. NONDISCRETIONARY ACCOUNT TRANSACTIONS REQUIRE CLIENT VERBAL OR WRITTEN AUTHORIZATION PRIOR TO ANY ACTION BEING TAKEN BY THE IAR OR FIRM. THE IAR ACTIVELY MANAGES CLIENT'S ACCOUNT CONTINUOUSLY BASED ON THE CLIENT'S INDIVIDUAL FINANCIAL AND PERSONAL NEEDS, INVESTMENT OBJECTIVES, AND RISK TOLERANCE.

ON BEHALF OF THE FIRM, THE IAR'S CONTINUOUSLY MONITOR THE PORTFOLIO PERFORMANCE AS WELL AS ASSET ALLOCATION AND REGULARLY REVIEW ACCOUNTS OF CLIENTS PARTICIPATING IN THE FIRM'S MANAGED PORTFOLIOS. THE PORTFOLIOS RECOMMENDED TO CLIENTS ARE BASED ON INFORMATION PROVIDED BY CLIENT TO THE FIRM REGARDING CLIENT'S INVESTMENT OBJECTIVE, RISK TOLERANCE, TIME HORIZON, CLIENT'S ABILITY TO SUSTAIN A LONG TERM INVESTMENT ACCOUNT, LIQUIDITY NEEDS, ETC. IT IS THE RESPONSIBILITY OF CLIENT TO NOTIFY THE FIRM (AND IAR'S) OF ANY CHANGES TO CLIENTS PERSONAL AND FINANCIAL SITUATION THAT COULD HAVE AN IMPACT ON CLIENTS CONTINUED INVESTMENT IN A MANAGED PORTFOLIO.

MINIMUM ACCOUNT SIZE: GENERALLY, THE FIRM RECOMMENDS THAT CLIENTS INVEST AT LEAST \$250,000 IN A MANAGED ACCOUNT. THE FIRM MAY, HOWEVER, PERMIT CLIENTS TO INVEST LESS THAN \$250,000 IF THE FIRM BELIEVES THAT BASED ON INFORMATION PROVIDED BY THE CLIENT TO THE IAR, INVESTING A LOWER AMOUNT IS APPROPRIATE FOR THE CLIENT. ADDITIONALLY, CLIENTS MAY BE PERMITTED TO INVEST LESS THAN \$250,000 IN A NEW MANAGED ACCOUNT IF THE CLIENT HAS ESTABLISHED ADDITIONAL MANAGED ACCOUNTS WITH THE FIRM.

## ***Fees and Compensation***

Form ADV Part 2A, Item 5

### **I. FINANCIAL PLANNING FEES**

FEES FOR FINANCIAL PLANNING SERVICES WILL VARY DEPENDING ON THE SCOPE OF SERVICES PROVIDED, COMPLEXITY OF THE PROCESS UNDERTAKEN, THE TYPES OF ISSUES ADDRESSED AND THE FREQUENCY THE SERVICES ARE RENDERED. THE FIRM MAY PROVIDE CLIENTS WITH FINANCIAL PLANNING AND CONSULTING SERVICES (WHICH MAY INCLUDE NON-INVESTMENT RELATED MATTERS) AND CHARGE A FIXED FEE FOR THESE SERVICES. IF CLIENT ELECTS TO ENGAGE THE FIRM FOR FINANCIAL PLANNING OR CONSULTING SERVICES, CLIENT WILL COMPLETE THE FIRM'S FINANCIAL PLANNING AGREEMENT AND OTHER REQUIRED ACCOUNT PAPERWORK.

FOUR DIFFERENT FINANCIAL PLANNING FEE STRUCTURES ARE AVAILABLE.

COMPREHENSIVE FINANCIAL PLANNING FEE: IF THE CLIENT ENGAGES THE IAR OR FIRM TO CREATE A COMPREHENSIVE FINANCIAL PLAN, A FIXED FEE OF \$2,500 WILL BE CHARGED. FEES ARE NEGOTIABLE DEPENDING UPON THE CLIENT'S STATED NEEDS AND GOALS AND THE COMPLEXITY OF THE CLIENT'S PERSONAL AND FINANCIAL SITUATION. PAYMENT OF SUCH AGREED UPON FEE IS DUE UPON DELIVERY OF THE COMPLETED FINANCIAL PLAN.

ONGOING FINANCIAL PLANNING FEE: CLIENT MAY ENGAGE FIRM TO REVIEW ITS PREVIOUS FINANCIAL PLANNING SERVICES AND/OR RECOMMENDATIONS AT A YEARLY FEE OF \$500 FOR ONGOING FINANCIAL PLANNING SERVICES AFTER THE FIRST YEAR FOLLOWING THE DELIVERY OF COMPREHENSIVE FINANCIAL PLANNING SERVICES. HFA WILL NOT CHARGE A YEARLY FEE IF NO UPDATES ARE PROVIDED. THE FEE WILL BE CHARGED IN ARREARS AND DUE UPON THE ANNIVERSARY OF THE AGREEMENT.

ESTATE ADMINISTRATION FEE: A ONE TIME FEE OF \$1,000 WILL APPLY TO SERVICES FOR ASSISTANCE IN ESTATE ADMINISTRATION. HFA WILL MAINTAIN DISCRETION OF THE ESTATE FEE BASED ON CLIENT CIRCUMSTANCES. PAYMENT OF SUCH FEE IS DUE UPON COMPLETION OF THE SERVICES RENDERED.

CONSULTING SERVICES: SERVICES OUTSIDE OF THE COMPREHENSIVE FINANCIAL PLANNING ENGAGEMENT CAN BE CHARGED ON A CONSULTING BASIS. FEE CAN BE CHARGED BASED ON AN HOURLY RATE OF \$300.00 PER HOUR OR CONSULTING FEES MAY BE CHARGED AS A PERCENTAGE OF ASSETS WHICH THE FIRM IS RETAINED TO CONSULT ON. THE ACTUAL PERCENTAGE IS NEGOTIATED SEPARATELY WITH EACH CLIENT AND DOCUMENTED IN THE FINANCIAL PLANNING AGREEMENT.

ALL FINANCIAL PLANNING FEES DESCRIBED ABOVE ARE FOR THE SERVICES RENDERED BY THE FIRM AND ITS IAR'S AND DO NOT INCLUDE THE FEES INCURRED BY CLIENT WITH OTHER PROFESSIONALS (I.E. PERSONAL ATTORNEY, INDEPENDENT INVESTMENT ADVISER, OR ACCOUNTANT) IN CONNECTION WITH THE FINANCIAL PLANNING PROCESS. THE FEE COVERS CREATION OF THE FINANCIAL PLAN, ALL INTERVIEWS, RELATED MEETINGS, AND ONE YEAR OF NORMAL MAINTENANCE, INCLUDING AN ANNUAL MEETING AFTER PLAN DELIVERY. CLIENT IS UNDER NO OBLIGATION TO IMPLEMENT THE PLAN THROUGH THE FIRM OR IAR. IF DIRECTED BY CLIENT TO IMPLEMENT THE PLAN, IAR AS DIRECTED BY CLIENT WILL RECEIVE ADDITIONAL BUT SEPARATE COMPENSATION DEPENDING UPON SERVICES OR PRODUCTS SELECTED BY CLIENT.

ADDITIONAL SERVICES NOT INCLUDED IN A COMPREHENSIVE FINANCIAL PLAN SUCH AS RESEARCH OR ADDITIONAL MEETINGS WITH CLIENT OR CLIENT'S OTHER PROFESSIONALS WILL BE AT THE FIRM'S PREFERENTIAL CLIENT RATE OF \$300.00 PER HOUR.

FEE PAYMENT: FINANCIAL PLANNING FEES ARE PAYABLE TO THE FIRM, HOOVER FINANCIAL ADVISORS, PC. THE FEE SHOULD BE AGREED UPON AT THE TIME THE AGREEMENT IS EXECUTED. ALL FEES ARE PAYABLE AT COMPLETION OF AND UPON DELIVERY OF SERVICES TO THE CLIENT. HOURLY FEES ARE PAYABLE AFTER THE SERVICES HAVE BEEN RENDERED. FEES BASED ON ASSETS UNDER ADVISEMENT ARE PAYABLE QUARTERLY IN ADVANCE, TYPICALLY BILLED FROM THE CLIENT'S INVESTMENT MANAGEMENT PORTFOLIO OR ANOTHER ACCOUNT HELD THROUGH THE FIRM, AS AUTHORIZED BY CLIENT THROUGH THE EXECUTION OF A FEE DEBIT AUTHORIZATION FORM.

## **II. INVESTMENT MANAGEMENT FEES**

IF CLIENT ELECTS TO ENGAGE THE FIRM FOR INVESTMENT ADVISORY SERVICES, CLIENT WILL COMPLETE THE FIRM'S DISCRETIONARY OR NON-DISCRETIONARY INVESTMENT ADVISORY AGREEMENT AND OTHER REQUIRED ACCOUNT PAPERWORK. IF ENGAGED, THE FIRM WILL CHARGE AN ANNUAL ADVISORY FEE BASED UPON A PERCENTAGE OF THE MARKET VALUE OF THE ASSETS BEING MANAGED BY THE FIRM. THE CLIENT SHALL GENERALLY PAY TRANSACTION FEES TO RETAIN THE MANAGED ACCOUNT'S ALLOCATION. THE ADVISORY FEE IS EXCLUSIVE OF AND IN ADDITION TO BROKERAGE COMMISSIONS, SURCHARGES, AND OTHER RELATED COSTS AND EXPENSES PAID BY CLIENT. AS DISCUSSED BELOW, THE FIRM CUSTODIES ALL MANAGED ACCOUNTS AT CHARLES SCHWAB & CO. INC., REGISTERED BROKER/DEALER, MEMBER NYSE.

THE ADVISORY FEE WILL VARY BETWEEN 0.05% TO 1.50% DEPENDING ON THE MARKET VALUE OF ASSETS UNDER MANAGEMENT, CHARGED QUARTERLY, IN ADVANCE, BASED UPON THE MARKET VALUE OF THE ASSETS OF THE LAST DAY OF THE PREVIOUS QUARTER. THE FIRM WILL APPLY ONLY ONE FEE CALCULATION FORMULA TO ALL ACCOUNTS MANAGED BY THE FIRM AT ANY GIVEN POINT IN TIME. THE FIRM, IN ITS SOLE DISCRETION, MAY NEGOTIATE TO CHARGE A LESSER ADVISORY FEE BASED, THOUGH NOT LIMITED TO, ANTICIPATED FUTURE EARNING CAPACITY, ANTICIPATED FUTURE ADDITIONAL ASSETS, DOLLAR AMOUNT OF ASSETS TO BE MANAGED, RELATED ACCOUNTS, ACCOUNT COMPOSITION, PRE-EXISTING CLIENT, ACCOUNT RETENTION, PRO BONO ACTIVITIES, ETC.

UNLESS THE CLIENT PROVIDES OTHERWISE IN THE CLIENT AGREEMENT, ALL FEES OWED TO THE FIRM IN CONNECTION WITH THE INVESTMENT MANAGEMENT ACCOUNTS ARE AUTOMATICALLY DEDUCTED WHEN BILLED FROM THE CLIENT'S INVESTMENT MANAGEMENT PORTFOLIO OR ANOTHER ACCOUNT HELD THROUGH THE FIRM, AS AUTHORIZED BY CLIENT THROUGH THE EXECUTION OF A FEE DEBIT AUTHORIZATION FORM. CLIENTS PARTICIPATING IN THE FIRM'S MANAGED ACCOUNTS MAY PAY A HIGHER AGGREGATE FEE THAN IF INVESTMENT MANAGEMENT AND BROKERAGE SERVICES ARE PURCHASED SEPARATELY.

CLIENT MAY MAKE ADDITIONS TO AND WITHDRAWALS FROM THE ACCOUNT AT ANY TIME, SUBJECT TO THE FIRM'S RIGHT TO TERMINATE AN ACCOUNT THAT FALLS BELOW THE MINIMUM PORTFOLIO SIZE. IF ASSETS ARE DEPOSITED INTO OR WITHDRAWN FROM AN ACCOUNT AFTER THE INCEPTION OF A QUARTER THAT EXCEED \$50,000, THE ADVISORY FEE PAYABLE WITH RESPECT TO THE ASSETS WILL BE PRORATED BASED ON THE NUMBER OF DAYS REMAINING IN THE QUARTER.

CLIENT MAY WITHDRAW ACCOUNT ASSETS ON NOTICE TO THE FIRM, SUBJECT TO THE USUAL AND CUSTOMARY SETTLEMENT PROCEDURES. IF CLIENT WITHDRAWS ASSETS GREATER THAN \$50,000 THROUGHOUT THE QUARTER REFUNDS OF INVESTMENT ADVISORY FEES DUE TO WITHDRAWALS WILL BE PRORATED BASED ON THE NUMBER OF DAYS REMAINING IN THE QUARTER AND USED AS A CREDIT ON THE FOLLOWING QUARTER'S BILL. IF CLIENT TERMINATES THE ENTIRE ACCOUNT, A PRO-RATA REFUND WILL BE CALCULATED AND PAID AT THE END OF THE QUARTER. THE FIRM'S INVESTMENT MANAGEMENT PORTFOLIOS ARE DESIGNED FOR LONG-TERM INVESTMENT AND ASSET WITHDRAWALS MAY IMPAIR ACHIEVEMENT OF CLIENT'S INVESTMENT OBJECTIVES AND GOALS.

ADDITIONS MAY BE MADE IN CASH IN THE FORM OF CLIENT CHECK OR SECURITIES. THE FIRM RESERVES THE RIGHT TO LIQUIDATE ANY TRANSFERRED SECURITIES, OR DECLINE TO ACCEPT PARTICULAR SECURITIES INTO A CLIENT'S MANAGED ACCOUNT. CLIENTS ARE ADVISED THAT WHEN TRANSFERRED SECURITIES ARE LIQUIDATED, WHETHER FOR REPOSITION AND REALLOCATING CLIENT'S ACCOUNT, THE SECURITIES ARE SUBJECT TO TRANSACTION FEES, FEES ASSESSED AT THE MUTUAL FUND LEVEL WHICH MAY INCLUDE SURRENDER OR REDEMPTION FEES AS WELL AS TAX RAMIFICATIONS WHICH ARE THE SOLE RESPONSIBILITY OF CLIENT.

THE INVESTMENT MANAGEMENT FEE CHARGED BY THE FIRM IS BASED ON ASSETS UNDER MANAGEMENT AND NOT BASED ON THE CAPITAL GAINS OR CAPITAL APPRECIATION OF CLIENT'S ASSETS.

THE FIRM'S INVESTMENT ADVISER REPRESENTATIVES ("IAR"), MAY OFFER COMMISSION PRODUCTS, BROKERAGE SERVICES, AND INSURANCE SERVICES AND PRODUCTS IN HIS SEPARATE CAPACITIES AS A REGISTERED REPRESENTATIVE OF THE BROKER/DEALER AND/OR AS A LICENSED LIFE AGENT. THE COMMISSION INCOME EARNED IS SEPARATE FROM AND NOT AFFILIATED TO OR WITH THE ADVISORY, CONSULTING OR FINANCIAL PLANNING SERVICES AND FEES CHARGED BY OR RECEIVED BY THE FIRM OR ITS IAR.

ALL SPECIFIC FEES ARE DIRECTLY BASED UPON THE ANTICIPATED COMPLEXITY OF THE CLIENT AND ARE DETERMINED ON A CASE-BY-CASE BASIS. THE FEES CHARGED BY THE FIRM FOR THE FINANCIAL PLANNING, CONSULTING AND INVESTMENT MANAGEMENT SERVICES DESCRIBED ABOVE DO NOT INCLUDE CHARGES IMPOSED BY OR FEES PAID BY PRODUCT SPONSORS. FOR EXAMPLE, MUTUAL FUNDS AND INSURANCE COMPANIES CHARGE FEES DIRECTLY TO CLIENTS TO MANAGE THE ASSETS IN THE MUTUAL FUND PORTFOLIO OR VARIABLE INSURANCE PRODUCT SUB ACCOUNTS. INSURANCE COMPANIES CHARGE FEES FOR SPECIFIC FEATURES OF THEIR VARIABLE INSURANCE PRODUCTS SELECTED BY THE CLIENT. CLIENTS SHOULD READ THE PRODUCT PROSPECTUS, IF ANY, CAREFULLY TO LEARN MORE ABOUT THE CHARGES AND FEES IMPOSED ON CLIENT BY PRODUCT SPONSORS. THE FIRM GENERALLY IMPOSES CERTAIN CONDITIONS OR RESTRICTIONS ON THE TRANSFER OF COMMISSIONABLE SECURITIES, INCLUDING STOCKS, BONDS, MUTUAL FUNDS AND VARIABLE INSURANCE PRODUCTS INTO AN INVESTMENT ADVISORY ACCOUNT ON WHICH AN INVESTMENT MANAGEMENT FEE WILL BE CHARGED. CLIENTS SHOULD ASK THE IAR ABOUT THE FIRM'S POLICIES WITH RESPECT TO THE TRANSFER OF A SPECIFIC TYPE OF COMMISSIONABLE SECURITY INTO AN INVESTMENT ADVISORY ACCOUNT

INVESTMENT ADVISORY FEES AND THE COST ASSOCIATED WITH PURCHASING AND OWNING CERTAIN SECURITIES, INCLUDING MUTUAL FUNDS, MAY BE MORE OR LESS THAN FEES, CHARGES AND COSTS OF SIMILAR FINANCIAL PLANS AND INVESTMENT MANAGEMENT SERVICES OFFERED BY OTHER FINANCIAL PROFESSIONALS AND PRODUCT SPONSORS, INCLUDING OTHER INVESTMENT ADVISERS.



## ***Performance-Based Fees and Side-by-Side Management***

**Form ADV Part 2A, Item 6**

HOOVER FINANCIAL ADVISORS, PC DOES NOT CHARGE PERFORMANCE BASED FEES.

## ***Types of Clients***

**Form ADV Part 2A, Item 7**

TYPICAL CLIENTS OF HOOVER FINANCIAL ADVISORS, PC GENERALLY INCLUDE INDIVIDUALS AND HIGH NET WORTH INDIVIDUALS.

SEE ITEM 4, ABOVE, FOR CONDITIONS OF MANAGING ACCOUNTS.

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

**Form ADV Part 2A, Item 8**

### **METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

THE IAR OR FIRM USES VARIOUS METHODS OF ANALYSIS AND INVESTMENT STRATEGIES. GENERALLY, THE STRATEGIES UTILIZED ARE DESIGNED TO BE LONG TERM IN NATURE AND ARE BASED ON THE CLIENTS OVERALL FINANCIAL SITUATION, FACTORS SUCH AS AGE, INCOME AND/OR PRINCIPAL NEEDS, INCOME TAX CONSIDERATIONS, CURRENT ASSETS AND AVAILABLE RESOURCES, LIQUIDITY ISSUES, AND RISK TOLERANCE LEVELS, AMONG OTHERS ARE ALL CONSIDERED IN DEVELOPING AN APPROPRIATE INVESTMENT STRATEGY. ALL INVESTMENT STRATEGIES ARE PROFESSIONALLY DEVELOPED AND PERSONALIZED FOR EACH CLIENT'S UNIQUE PERSONAL SITUATION. THE IAR OR FIRM CREATES INDEPENDENT AND OBJECTIVE INVESTMENT STRATEGIES AND DO NOT HAVE ANY PROPRIETARY PRODUCTS.

GENERALLY, THE IAR OR FIRM ATTEMPTS TO HIRE PROFESSIONAL MANAGEMENT IN THE DEVELOPMENT OF A CLIENT'S INVESTMENT STRATEGY. IN THAT CAPACITY, THE IAR OR FIRM MOST COMMONLY UTILIZES MUTUAL FUNDS, EXCHANGE TRADED FUNDS (ETF'S), VARIABLE ANNUITIES, PRIVATE PLACEMENT LIMITED PARTNERSHIPS OR UNIT INVESTMENT TRUST, AMONG OTHER INVESTMENTS IN CREATING A CUSTOMIZED INVESTMENT STRATEGY. INDIVIDUAL STOCK AND BONDS, AS WELL AS CERTIFICATES OF DEPOSIT MAY ALSO BE CONSIDERED DEPENDING ON THE CLIENT'S PERSONAL FINANCIAL SITUATION.

ONE METHOD OF SECURITIES ANALYSIS IS FUNDAMENTAL ANALYSIS. WHEN USING FUNDAMENTAL ANALYSIS, THE IAR OR FIRM GENERALLY RELIES ON, AMONG OTHER THINGS, COMPANY EARNINGS, BALANCE SHEET VARIABLES AND MANAGEMENT QUALITY WHICH ARE USED TO PREDICT THE FUTURE VALUE OF AN INVESTMENT. DATA REVIEWED IS GENERALLY CONSIDERED RELIABLE BUT CANNOT BE GUARANTEED NOR HAVE ITS ACCURACY VERIFIED. IN ADDITION, THE DATA REVIEWED IS SOMETIMES SUBJECTIVE IN NATURE AND OPEN TO INTERPRETATION. EVEN IF THE DATA AND INTERPRETATION OF THE DATA IS CORRECT, THERE MAY BE OTHER FACTORS THAT DETERMINE THE

VALUE OF SECURITIES OTHER THAN THOSE CONSIDERED IN FUNDAMENTAL ANALYSIS. THE IAR OR FIRM ALSO MAY UTILIZE TECHNICAL ANALYSIS, CYCLICAL ANALYSIS OR CHARTING.

### **RISK OF LOSS**

CLIENTS MUST UNDERSTAND THAT PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. THEREFORE, CLIENTS SHOULD NEVER ASSUME THAT FUTURE PERFORMANCE OF ANY SPECIFIC INVESTMENT OR INVESTMENT STRATEGY WILL BE PROFITABLE. INVESTING IN ANY TYPE OF SECURITY (INCLUDING STOCKS, MUTUAL FUNDS, AND BONDS) INVOLVES RISK OF LOSS. FURTHER, DEPENDING ON THE DIFFERENT TYPES OF INVESTMENTS THERE MAY BE VARYING DEGREES OF RISK. CLIENTS **NEED TO BE PREPARED TO BEAR INVESTMENT LOSS INCLUDING LOSS OF ORIGINAL PRINCIPAL.**

BECAUSE OF THE INHERENT RISK OF LOSS ASSOCIATED WITH INVESTING, IAR OR FIRM CANNOT REPRESENT, GUARANTEE, OR EVEN IMPLY THAT OUR SERVICES AND METHODS OF ANALYSIS:

- (1) CAN OR WILL PREDICT FUTURE RESULTS; OR
- (2) SUCCESSFULLY IDENTIFY MARKET TOPS OR BOTTOMS, OR INSULATE YOU FROM LOSSES DUE TO MARKET CORRECTIONS OR DECLINES.

THERE ARE CERTAIN ADDITIONAL RISKS ASSOCIATED WHEN INVESTING IN SECURITIES THROUGH AN INVESTMENT MANAGEMENT PROGRAM.

- **MARKET RISK** - EITHER THE STOCK MARKET AS A WHOLE, OR THE VALUE OF AN INDIVIDUAL COMPANY, WILL FLUCTUATE IN VALUE. THIS RISK WILL CAUSE A CLIENTS INVESTMENT PORTFOLIO TO INCREASE OR DECREASE IN VALUE. THIS IS ALSO REFERRED TO AS SYSTEMATIC RISK.
- **EQUITY (STOCK) MARKET RISK** - COMMON STOCKS ARE SUSCEPTIBLE TO GENERAL STOCK MARKET FLUCTUATIONS AND TO VOLATILE INCREASES AND DECREASES IN VALUE AS MARKET CONFIDENCE IN AND PERCEPTIONS OF THEIR ISSUERS CHANGE. IF YOU HELD COMMON STOCK, OR COMMON STOCK EQUIVALENTS, OF ANY GIVEN ISSUER, YOU WOULD GENERALLY BE EXPOSED TO GREATER RISK THAN IF YOU HELD PREFERRED STOCKS AND DEBT OBLIGATIONS OF THE ISSUER.
- **INDUSTRY RISK** - WHEN INVESTING IN STOCK POSITIONS, THERE IS ALWAYS A CERTAIN LEVEL OF COMPANY OR INDUSTRY SPECIFIC RISK THAT IS INHERENT IN EACH INVESTMENT. THIS IS ALSO REFERRED TO AS UNSYSTEMATIC RISK AND CAN BE REDUCED THROUGH APPROPRIATE DIVERSIFICATION. THERE IS THE RISK THAT THE COMPANY WILL PERFORM POORLY OR HAVE ITS VALUE REDUCED BASED ON FACTORS SPECIFIC TO THE COMPANY OR ITS INDUSTRY. FOR EXAMPLE, IF A COMPANY'S EMPLOYEES GO ON STRIKE OR THE COMPANY RECEIVES UNFAVORABLE MEDIA ATTENTION FOR ITS ACTIONS, THE VALUE OF THE COMPANY MAY BE REDUCED.
- **OPTIONS RISK** - OPTIONS ON SECURITIES MAY BE SUBJECT TO GREATER FLUCTUATIONS IN VALUE THAN AN INVESTMENT IN THE UNDERLYING SECURITIES. PURCHASING AND WRITING PUT AND CALL OPTIONS ARE HIGHLY SPECIALIZED ACTIVITIES AND ENTAIL GREATER THAN ORDINARY INVESTMENT RISKS.
- **FIXED INCOME RISK** - WHEN INVESTING IN BONDS, THERE IS THE RISK THAT ISSUER WILL DEFAULT ON THE BOND AND BE UNABLE TO MAKE PAYMENTS. FURTHER, INDIVIDUALS WHO DEPEND ON SET AMOUNTS OF PERIODICALLY PAID INCOME FACE THE RISK THAT INFLATION WILL ERODE THEIR SPENDING POWER. FIXED-INCOME INVESTORS RECEIVE SET, REGULAR PAYMENTS THAT FACE THE SAME INFLATION RISK.

- **ETF AND MUTUAL FUND RISK** – WHEN INVESTING IN AN ETF OR MUTUAL FUND, THERE ARE ADDITIONAL EXPENSES BASED ON THE PRO RATA SHARE OF THE ETF'S OR MUTUAL FUND'S OPERATING EXPENSES, INCLUDING THE POTENTIAL DUPLICATION OF MANAGEMENT FEES. THE RISK OF OWNING AN ETF OR MUTUAL FUND GENERALLY REFLECTS THE RISKS OF OWNING THE UNDERLYING SECURITIES THE ETF OR MUTUAL FUND HOLDS. CLIENTS WILL ALSO INCUR BROKERAGE COSTS WHEN PURCHASING ETFS. LEVERAGED AND INVERSE ETFS MAY NOT BE SUITABLE FOR ALL INVESTORS AND HAVE UNIQUE CHARACTERISTICS AND RISKS. ALTHOUGH THERE ARE LIMITED OCCASIONS WHERE A LEVERAGED OR INVERSE ETF MAY BE USEFUL FOR SOME TYPES OF INVESTORS, IT IS EXTREMELY IMPORTANT TO UNDERSTAND THAT, FOR HOLDING PERIODS LONGER THAN A DAY, THESE FUNDS MAY NOT GIVE YOU THE RETURNS YOU MAY BE EXPECTING.
- **MANAGEMENT RISK** – THE VALUE OF YOUR INVESTMENT WILL VARY WITH THE SUCCESS AND FAILURE OF THE INVESTMENT STRATEGIES, RESEARCH, ANALYSIS AND DETERMINATION OF PORTFOLIO SECURITIES. IF THE FIRM'S INVESTMENT STRATEGIES DO NOT PRODUCE THE EXPECTED RETURNS, THE VALUE OF THE INVESTMENT MAY DECREASE.

LISTED ABOVE ARE SOME OF THE PRIMARY RISKS ASSOCIATED WITH INVESTMENTS. PLEASE DO NOT HESITATE TO CONTACT US TO DISCUSS THESE RISKS AND OTHERS IN MORE DETAIL.

*Investing in securities involves risk of loss that you should be prepared to bear.*

### ***Disciplinary Information***

**Form ADV Part 2A, Item 9**

THERE IS NO DISCIPLINARY HISTORY TO REPORT

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

**Form ADV Part 2A, Item 10**

THE FIRM'S IAR'S ARE ALSO REGISTERED REPRESENTATIVES OF PURSHE KAPLAN STERLING INVESTMENTS (PKS), A REGISTERED BROKER/DEALER, MEMBER FINRA AND SIPC. IAR'S AS REGISTERED REPRESENTATIVES ("RR") ARE LICENSED TO SELL GENERAL SECURITIES PRODUCTS SUCH AS STOCKS, BONDS, MUTUAL FUNDS, EXCHANGE-TRADED FUNDS, AND VARIABLE ANNUITY PRODUCTS. AS SUCH, IAR'S HAVE THE ABILITY TO SUGGEST THAT CLIENTS IMPLEMENT INVESTMENT ADVICE BY PURCHASING SECURITIES PRODUCTS THROUGH THE BROKER/DEALER. IN THE EVENT INVESTMENT ADVISORY CLIENTS ELECT TO PURCHASE THESE PRODUCTS THROUGH THE BROKER/DEALER, THE IAR, IN THE CAPACITY AS AN RR, WOULD RECEIVE THE NORMAL AND CUSTOMARY COMPENSATION IN CONNECTION WITH THE SPECIFIC PRODUCT PURCHASED. CLIENTS OF THE FIRM ARE FREE TO IMPLEMENT INVESTMENT ADVICE THROUGH ANY BROKER/DEALER OR PRODUCT SPONSOR THEY MAY SELECT.

FIRM EMPLOYEES MAY ALSO BE REGISTERED AS INSURANCE AGENTS WITH VARIOUS INSURANCE COMPANIES. AS SUCH, THESE INDIVIDUALS HAVE THE ABILITY TO RECOMMEND INSURANCE-RELATED

PRODUCTS AND RECEIVE NORMAL COMPENSATION FROM THE INSURANCE COMPANIES WITH WHICH THESE INDIVIDUALS ARE APPOINTED.

THUS, A CONFLICT OF INTEREST EXISTS BETWEEN THE INTERESTS OF THESE INDIVIDUALS AND THOSE OF THE ADVISORY CLIENTS, CREATING AN INCENTIVE FOR THEM TO RECOMMEND INSURANCE PRODUCTS BASED ON THE COMPENSATION RECEIVED, RATHER THAN ON A CLIENT'S NEEDS. *HOWEVER, CLIENTS ARE UNDER NO OBLIGATION TO ACT UPON ANY RECOMMENDATIONS OF THESE INDIVIDUALS OR TO EFFECT ANY TRANSACTIONS THROUGH THEM IF THEY DECIDE TO FOLLOW THE RECOMMENDATIONS.*

WE ENDEAVOR AT ALL TIMES TO PUT THE INTEREST OF OUR CLIENTS FIRST AS PART OF OUR FIDUCIARY DUTY AS A REGISTERED INVESTMENT ADVISER AND TAKE THE FOLLOWING STEPS TO ADDRESS THIS CONFLICT:

1. WE DISCLOSE TO CLIENTS THE EXISTENCE OF ALL MATERIAL CONFLICTS OF INTEREST, INCLUDING THE POTENTIAL FOR OUR EMPLOYEES TO EARN COMPENSATION FROM ADVISORY CLIENTS IN ADDITION TO OUR ADVISORY FEES;
2. WE DISCLOSE TO CLIENTS THAT THEY ARE NOT OBLIGATED TO PURCHASE ANY RECOMMENDED INVESTMENT, ADVISORY OR INSURANCE PRODUCTS OR SERVICES FROM OUR EMPLOYEES;
3. WE COLLECT, MAINTAIN AND DOCUMENT ACCURATE, COMPLETE AND RELEVANT CLIENT BACKGROUND INFORMATION, INCLUDING THE CLIENT'S FINANCIAL GOALS, OBJECTIVES AND RISK TOLERANCE;
4. WE REQUIRE THAT OUR EMPLOYEES SEEK PRIOR APPROVAL OF ANY OUTSIDE EMPLOYMENT ACTIVITY SO THAT WE MAY ENSURE THAT ANY CONFLICTS OF INTERESTS IN SUCH ACTIVITIES ARE PROPERLY ADDRESSED;
5. WE PERIODICALLY MONITOR THESE OUTSIDE EMPLOYMENT ACTIVITIES TO VERIFY THAT ANY CONFLICTS OF INTEREST CONTINUE TO BE PROPERLY ADDRESSED BY OUR FIRM; AND
6. WE ALWAYS EMPHASIZE THE NEED FOR HAVING A REASONABLE AND INDEPENDENT BASIS FOR THE INVESTMENT ADVICE PROVIDED TO CLIENTS.

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

**Form ADV Part 2A, Item 11**

#### **CODE OF ETHICS DISCLOSURE:**

OUR FIRM HAS ADOPTED A CODE OF ETHICS WHICH SETS FORTH HIGH ETHICAL STANDARDS OF BUSINESS CONDUCT THAT WE REQUIRE OF OUR EMPLOYEES, INCLUDING COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS. OUR CODE OF ETHICS INCLUDES POLICIES AND PROCEDURES FOR THE REVIEW OF QUARTERLY SECURITIES TRANSACTIONS REPORTS AS WELL AS INITIAL AND ANNUAL SECURITIES HOLDINGS REPORTS THAT MUST BE SUBMITTED BY THE FIRM'S ACCESS PERSONS. OUR CODE OF ETHICS ALSO REQUIRES THE PRIOR APPROVAL OF ANY ACQUISITION OF SECURITIES IN A LIMITED OFFERING (E.G., PRIVATE PLACEMENT) OR AN INITIAL PUBLIC OFFERING. OUR CODE PROVIDES FOR OVERSIGHT, ENFORCEMENT AND RECORDKEEPING PROVISIONS. A COPY OF OUR CODE OF ETHICS IS AVAILABLE TO OUR ADVISORY CLIENTS AND PROSPECTIVE CLIENTS UPON REQUEST TO PETER K. HOOVER, CHIEF COMPLIANCE OFFICER, AT THE FIRM'S PRINCIPAL OFFICE ADDRESS.

ADDITIONALLY, TO ENSURE THE FULFILLMENT OF OUR FIDUCIARY RESPONSIBILITIES, WE HAVE ESTABLISHED THE FOLLOWING RESTRICTIONS:

1. NO PRINCIPAL OR EMPLOYEE OF OUR FIRM MAY BUY OR SELL SECURITIES OR OTHER INVESTMENT INSTRUMENTS FOR THEIR PERSONAL PORTFOLIO(S) WHERE THEIR DECISION IS SUBSTANTIALLY DERIVED, IN WHOLE OR IN PART, BY REASON OF HIS OR HER EMPLOYMENT UNLESS THE INFORMATION IS ALSO AVAILABLE TO THE INVESTING PUBLIC ON REASONABLE INQUIRY. NO PRINCIPAL OR EMPLOYEE OF OUR FIRM MAY PREFER HIS OR HER OWN INTEREST TO THAT OF THE ADVISORY CLIENT.
2. WE MAINTAIN A LIST OF ALL SECURITIES HOLDINGS FOR OUR FIRM AND ANYONE ASSOCIATED WITH THIS ADVISORY PRACTICE WITH ACCESS TO ADVISORY RECOMMENDATIONS. THESE HOLDINGS ARE REVIEWED ON A REGULAR BASIS BY THE CHIEF COMPLIANCE OFFICER OR HIS DESIGNEE.
3. WE EMPHASIZE THE UNRESTRICTED RIGHT OF THE CLIENT TO DECLINE TO IMPLEMENT ANY ADVICE RENDERED, EXCEPT IN SITUATIONS WHERE OUR FIRM IS GRANTED DISCRETIONARY AUTHORITY.
4. ALL OF OUR PRINCIPALS AND EMPLOYEES MUST ACT IN ACCORDANCE WITH ALL APPLICABLE FEDERAL AND STATE REGULATIONS GOVERNING REGISTERED INVESTMENT ADVISORY PRACTICES.
5. ANY INDIVIDUAL NOT IN OBSERVANCE OF THE ABOVE MAY BE SUBJECT TO DISCIPLINARY ACTION OR TERMINATION.

### ***Brokerage Practices***

#### **Form ADV Part 2A, Item 12**

WE DO NOT HAVE ANY FORMAL SOFT-DOLLAR ARRANGEMENTS AND DO NOT CONTRACT WITH ANY BROKER DEALER TO RECEIVE SOFT-DOLLAR BENEFITS. THIS MEANS THAT WE DO NOT RECEIVE RESEARCH OR GAIN ACCESS TO INDUSTRY ANALYSTS OR CONFERENCES IN RETURN FOR PAYING HIGHER COMMISSIONS FOR CLIENT TRADES TO A PARTICULAR BROKER DEALER. HOWEVER, WE DO RECEIVE CERTAIN ADDITIONAL BENEFITS FROM CHARLES SCHWAB (OUR SOLE CUSTODIAN AND CLEARING FIRM) AS A RESULT OF BEING ON THEIR PLATFORM. SEE BELOW FOR ADDITIONAL DETAILS.

THE FIRM DOES NOT REQUEST OR ACCEPT THE DISCRETIONARY AUTHORITY TO DETERMINE THE BROKER DEALER TO BE USED FOR CLIENT ACCOUNTS. THIS MEANS THAT WE WILL NOT SURVEY OR SHOP THE BROKERAGE MARKET PLACE FOR BEST EXECUTION ON A TRANSACTION-BY-TRANSACTION BASIS. CLIENTS MUST DIRECT US AS TO THE BROKER DEALER TO BE USED FOR ALL CLIENT SECURITIES TRANSACTIONS. IN DIRECTING THE USE OF A PARTICULAR BROKER OR DEALER, IT SHOULD BE UNDERSTOOD THAT WE WILL NOT HAVE AUTHORITY TO NEGOTIATE COMMISSIONS AMONG VARIOUS BROKERS, AND BEST EXECUTION MAY NOT BE ACHIEVED, RESULTING IN HIGHER TRANSACTION COSTS FOR CLIENTS. WE CURRENTLY REQUEST THAT ALL CLIENTS DIRECT OUR FIRM TO USE THE BROKERAGE SERVICES OF CHARLES SCHWAB. (*NOT ALL ADVISERS REQUIRE THEIR CLIENTS TO DIRECT BROKERAGE*).

FOR ACCOUNTS OVER WHICH THE FIRM DOES NOT HAVE DISCRETIONARY INVESTMENT AUTHORITY, WE MUST CONFIRM CLIENT CONSENT BEFORE WE EXECUTE TRADES. THIS TIME DELAY MAY FURTHER PROHIBIT US FROM ACHIEVING TRADITIONAL BEST EXECUTION ON TRADES AND DISCRETIONARY ACCOUNTS MAY RECEIVE MORE FAVORABLE EXECUTION TERMS THAN NONDISCRETIONARY ACCOUNTS.

THE FIRM DOES NOT AGGREGATE TRADES FOR MUTUAL FUNDS, OUR PRIMARY INVESTMENT TOOL. EACH ACCOUNT IS TRADED INDIVIDUALLY. THE CLIENT PAYS CLIENT TRANSACTION COSTS FOR ASSETS INCLUDED AND PART OF CLIENT'S MANAGED ACCOUNT. CLIENT IS RESPONSIBLE FOR ALL TRANSACTION COSTS FOR ASSETS NOT PART OF, BUT PERMITTED TO BE TRANSFERRED INTO, CLIENTS MANAGED ACCOUNT. AGGREGATION IS FOR PURPOSES OF ASSIGNING AN AVERAGE PRICE PER SHARE IN A SPECIFIC SECURITY AND THE TRANSACTION COST IS SHARED PRO-RATA BASED ON EACH CLIENT'S

PARTICIPATION IN THE TRANSACTION. CLIENTS MAY NOT ENJOY THE EFFECTS OF LOWER COMMISSION PER SHARE COSTS FOR THESE TRADES THAT OFTEN OCCUR AS A RESULT OF BUNCHING TRADES. AS A RESULT, CLIENTS MAY PAY A HIGHER TRANSACTION COST THAN COULD BE RECEIVED ELSEWHERE. OTHER INVESTMENT ADVISERS MAY AGGREGATE CLIENT TRADES.

***CHARLES SCHWAB & CO., INC. HAS REQUESTED THAT WE INCLUDE THE FOLLOWING DISCLOSURE IN OUR NARRATIVE:***

#### **THE CUSTODIAN AND BROKERS WE USE**

THE FIRM DOES 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 ASSETS 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 OUR CLIENTS USE CHARLES SCHWAB & CO., INC. (SCHWAB), A FINRA-REGISTERED BROKER-DEALER, MEMBER SIPC, AS THE QUALIFIED CUSTODIAN. WE ARE INDEPENDENTLY OWNED AND OPERATED AND NOT AFFILIATED WITH SCHWAB. SCHWAB WILL HOLD YOUR ASSETS IN A BROKERAGE ACCOUNT AND BUY AND SELL SECURITIES WHEN THE FIRM INSTRUCTS THEM TO DO SO. WHILE WE RECOMMEND THAT YOU USE SCHWAB AS CUSTODIAN/BROKER, YOU WILL DECIDE WHETHER TO DO SO AND OPEN YOUR ACCOUNT WITH SCHWAB BY ENTERING INTO AN ACCOUNT AGREEMENT DIRECTLY WITH THEM. WE DO NOT OPEN THE ACCOUNT FOR YOU. NOT ALL ADVISORS REQUIRE THEIR CLIENTS TO USE A PARTICULAR BROKER-DEALER OR OTHER CUSTODIAN SELECTED BY THE ADVISOR. EVEN THOUGH YOUR ACCOUNT IS MAINTAINED AT SCHWAB, WE CAN STILL USE OTHER BROKERS TO EXECUTE TRADES FOR YOUR ACCOUNT, AS DESCRIBED IN THE NEXT PARAGRAPH.

#### **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 OTHERS, 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 CUSTODY AND BROKERAGE COSTS**

FOR OUR CLIENTS' ACCOUNTS IT 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. FOR SOME ACCOUNTS,

SCHWAB MAY CHARGE YOU A PERCENTAGE OF THE DOLLAR AMOUNT OF ASSETS IN THE ACCOUNT IN LIEU OF COMMISSIONS. SCHWAB'S COMMISSION RATES AND ASSET-BASED FEES APPLICABLE TO OUR CLIENT ACCOUNTS WERE NEGOTIATED BASED ON OUR COMMITMENT TO MAINTAIN \$300 MILLION OF OUR CLIENTS' ASSETS STATEMENT EQUITY IN ACCOUNTS AT SCHWAB. THIS COMMITMENT BENEFITS YOU BECAUSE THE OVERALL COMMISSION RATES AND ASSET-BASED FEES YOU PAY ARE LOWER THAN THEY WOULD BE IF WE HAD NOT MADE THE COMMITMENT. IN ADDITION TO COMMISSIONS OR ASSET-BASED FEES, 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 WE KEEP A TOTAL OF AT LEAST \$10 MILLION OF OUR CLIENTS' ASSETS IN ACCOUNTS AT SCHWAB. IF WE HAVE LESS THAN \$10 MILLION IN CLIENT ASSETS AT SCHWAB, IT MAY CHARGE US QUARTERLY SERVICE FEES OF \$1,200. 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:

- PROVIDE ACCESS TO CLIENT ACCOUNT DATA (SUCH AS DUPLICATE TRADE CONFIRMATIONS AND ACCOUNT STATEMENTS);
- FACILITATE TRADE EXECUTION AND ALLOCATE AGGREGATED TRADE ORDERS FOR MULTIPLE CLIENT ACCOUNTS;
- PROVIDE PRICING AND OTHER MARKET DATA;
- FACILITATE PAYMENT OF OUR FEES FROM OUR CLIENTS' ACCOUNTS; AND
- ASSIST WITH BACK-OFFICE FUNCTIONS, RECORDKEEPING AND CLIENT REPORTING.

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
- TECHNOLOGY, COMPLIANCE, LEGAL, AND BUSINESS CONSULTING;

- PUBLICATIONS AND CONFERENCES ON PRACTICE MANAGEMENT AND BUSINESS SUCCESSION; AND
- 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 WE KEEP A TOTAL OF AT LEAST \$10 MILLION OF CLIENT 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. THE \$10 MILLION MINIMUM 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 RATHER THAN BASED ON YOUR INTEREST IN RECEIVING THE BEST VALUE IN CUSTODY SERVICES AND THE MOST FAVORABLE EXECUTION OF YOUR TRANSACTIONS. THIS IS A POTENTIAL CONFLICT OF INTEREST. WE BELIEVE, HOWEVER, THAT OUR SELECTION OF SCHWAB AS CUSTODIAN AND BROKER IS IN THE BEST INTEREST OF OUR CLIENTS. IT IS PRIMARILY SUPPORTED BY THE SCOPE, QUALITY AND PRICE OF SCHWAB'S SERVICES (BASED ON THE FACTORS DISCUSSED ABOVE – SEE “HOW WE SELECT BROKERS/CUSTODIANS [TO RECOMMEND]”) AND NOT SCHWAB'S SERVICES THAT BENEFIT ONLY US. WE HAVE \$448 MILLION IN CLIENT ASSETS UNDER MANAGEMENT, AND DO NOT BELIEVE THAT MAINTAINING AT LEAST \$10 MILLION OF THOSE ASSETS AT SCHWAB IN ORDER TO AVOID PAYING SCHWAB QUARTERLY SERVICE FEES PRESENTS A MATERIAL CONFLICT OF INTEREST.

## ***Review of Accounts***

### **Form ADV Part 2A, Item 13**

FIRM AND IARS KEEP A REVIEW SCHEDULE FOR ALL FINANCIAL PLANNING AND INVESTMENT ADVISORY CLIENTS. GENERALLY, CLIENT'S INVESTMENT ADVISORY ACCOUNTS ARE REVIEWED AT LEAST ON AN ANNUAL BASIS AND/OR ON A MORE FREQUENT BASIS IF APPLICABLE TO ENSURE THE ACCOUNT IS BEING MANAGED IN ACCORDANCE WITH THE CLIENT'S CHOSEN INVESTMENT OBJECTIVE, THAT THE ACCOUNT IS PROPERLY BALANCED, IF IT IS BEING MANAGED ACCORDING TO A SPECIFIC ASSET ALLOCATION MODEL, AND TO VERIFY THE ACCURACY OF ACCOUNT HOLDINGS AND FEE DEDUCTIONS. IAR MAY CONTACT CLIENTS SEMI-ANNUAL, OR AT IAR AND CLIENT AGREED UPON SCHEDULE, TO DISCUSS CHANGES IN THE CLIENT'S GOALS, INVESTMENT OBJECTIVES, AND PERSONAL AND FINANCIAL SITUATION.

THE FIRM ENCOURAGES CLIENTS TO REQUEST SUCH A REVIEW TO DISCUSS WITH THEIR IAR SUCH THINGS AS ACCOUNT PERFORMANCE, CHANGES IN THE CLIENT'S INVESTMENT OBJECTIVES, GOALS, AND FINANCIAL SITUATION, TAX PLANNING, ESTATE PLANNING, RETIREMENT PLANNING AND ANY OTHER QUESTIONS THE CLIENT MAY HAVE CONCERNING THEIR INVESTMENT PORTFOLIO. CLIENTS WHO RECEIVE ONLY FINANCIAL PLANNING SERVICES MAY BE CHARGED A SEPARATE FEE FOR MEETINGS WITH THEIR IAR. CLIENTS SHOULD READ CAREFULLY THEIR ADVISORY INVESTMENT AGREEMENT WITH THE FIRM TO DETERMINE THE AMOUNT OF SUCH SEPARATE FEES, IF ANY.



CLIENTS WHO ELECT TO PURCHASE SECURITIES PRODUCTS (I.E. INDIVIDUAL STOCKS, BONDS, MUTUAL FUNDS AND VARIABLE INSURANCE PRODUCTS) WILL RECEIVE CONFIRMATIONS OF THEIR PURCHASES AND SALES. ACCOUNT STATEMENTS WILL BE PROVIDED QUARTERLY CONTAINING ACCOUNT INFORMATION SUCH AS ACCOUNT VALUE, TRANSACTIONS AND OTHER RELEVANT ACCOUNT INFORMATION FROM EITHER THE PRODUCT SPONSOR OR PRODUCT CUSTODIAN. CLIENTS MAY ALSO RECEIVE PERIODIC REPORTS REFLECTING THE PERFORMANCE OF THEIR INVESTMENT PORTFOLIO OVER A SPECIFIED PERIOD. CLIENTS MAY ALSO HAVE ELECTRONIC ACCESS TO THEIR PORTFOLIO AND MAY BE ABLE TO CREATE AND/OR PRINT VARIOUS REPORTS CONCERNING THEIR PORTFOLIO INVESTMENTS.

### ***Client Referrals and Other Compensation***

#### **Form ADV Part 2A, Item 14**

WE PAY REFERRAL FEES TO THIRD PARTIES FOR REFERRING ADVISORY CLIENTS TO OUR FIRM. IF A CLIENT IS INTRODUCED TO US BY AN UNAFFILIATED SOLICITOR, WE MAY PAY THAT SOLICITOR AN INITIAL AND/OR AN ONGOING REFERRAL FEE BASED ON THE PERCENTAGE OF THE REFERRED CLIENT'S ADVISORY FEE PAID TO OUR FIRM.

PAYMENT OF REFERRAL FEES FOR PROSPECTIVE CLIENT REFERRALS CREATES A POTENTIAL CONFLICT OF INTEREST TO THE EXTENT THAT SUCH A REFERRAL IS NOT UNBIASED AND THE SOLICITOR IS, AT LEAST PARTIALLY, MOTIVATED BY FINANCIAL GAIN. THEREFORE, SUCH A REFERRAL MAY BE MADE EVEN IF OUR ADVISORY SERVICES ARE NOT SUITABLE TO A PARTICULAR CLIENT'S NEEDS OR ENTERING INTO AN ADVISORY RELATIONSHIP WITH US IS NOT, OVERALL, IN THE BEST INTEREST OF THE CLIENT. AS THESE SITUATIONS REPRESENT A CONFLICT OF INTEREST, WE HAVE ESTABLISHED THE FOLLOWING RESTRICTIONS IN ORDER TO ENSURE OUR FIDUCIARY RESPONSIBILITIES:

1. ALL SUCH REFERRAL FEES ARE PAID IN ACCORDANCE WITH THE REQUIREMENTS OF RULE 206(4)-3 OF THE INVESTMENT ADVISERS ACT OF 1940, AND ANY CORRESPONDING STATE SECURITIES LAW REQUIREMENTS;
2. ANY SUCH REFERRAL FEE WILL BE PAID SOLELY FROM OUR INVESTMENT MANAGEMENT FEE, AND WILL NOT RESULT IN ANY ADDITIONAL CHARGE TO THE CLIENT;
3. IF THE CLIENT IS INTRODUCED TO US BY AN UNAFFILIATED SOLICITOR, THE SOLICITOR, AT THE TIME OF THE SOLICITATION, WILL DISCLOSE THE NATURE OF HIS/HER/ITS SOLICITOR RELATIONSHIP AND PROVIDE EACH PROSPECTIVE CLIENT WITH A COPY OF OUR FORM ADV PART 2A AND 2B BROCHURE, TOGETHER WITH A COPY OF THE WRITTEN DISCLOSURE STATEMENT FROM THE SOLICITOR TO THE CLIENT DISCLOSING THE TERMS OF THE SOLICITATION ARRANGEMENT BETWEEN OUR FIRM AND THE SOLICITOR, INCLUDING THE COMPENSATION TO BE RECEIVED BY THE SOLICITOR FROM US; AND
4. ALL REFERRED CLIENTS WILL BE CAREFULLY SCREENED TO ENSURE THAT OUR FEES, SERVICES, AND INVESTMENT STRATEGIES ARE SUITABLE TO THEIR INVESTMENT NEEDS AND OBJECTIVES

### ***Custody***

#### **Form ADV Part 2A, Item 15**

ALTHOUGH UNDER GOVERNMENT REGULATIONS, THE FIRM IS TECHNICALLY DEEMED TO HAVE CUSTODY OF CLIENT ASSETS WHEN CLIENT AUTHORIZES US TO INSTRUCT SCHWAB TO DEDUCT ADVISORY FEES DIRECTLY FROM CLIENT ACCOUNT, THE FIRM DOES NOT TAKE PHYSICAL CUSTODY OF CLIENT ASSETS. SCHWAB MAINTAINS ACTUAL AND PHYSICAL CUSTODY OF CLIENT ASSETS. CLIENT WILL RECEIVE ACCOUNT STATEMENTS DIRECTLY FROM SCHWAB AT LEAST QUARTERLY. THEY WILL BE SENT TO THE

EMAIL OR POSTAL MAILING ADDRESS CLIENT HAS PROVIDED TO SCHWAB. CLIENT SHOULD CAREFULLY REVIEW THOSE STATEMENTS PROMPTLY WHEN RECEIVED. WE ALSO URGE YOU TO COMPARE SCHWAB'S ACCOUNT STATEMENTS TO THE PERIODIC PORTFOLIO REPORTS YOU WILL RECEIVE FROM US.

### ***Investment Discretion***

**Form ADV Part 2A, Item 16**

FOR CLIENTS GRANTING US THE DISCRETIONARY AUTHORITY TO DETERMINE WHICH INVESTMENTS AND THE SIZE OF INVESTMENTS TO BE BOUGHT OR SOLD FOR THEIR ACCOUNT(S), WE REQUEST THAT SUCH AUTHORITY BE GRANTED IN WRITING, TYPICALLY IN THE INVESTMENT ADVISORY AGREEMENT.

SHOULD THE CLIENT WISH TO IMPOSE REASONABLE LIMITATIONS ON THIS DISCRETIONARY AUTHORITY, SUCH LIMITATIONS SHALL BE SUBMITTED IN WRITING. CLIENTS MAY CHANGE/AMEND THESE LIMITATIONS AS DESIRED. SUCH AMENDMENTS MUST BE SUBMITTED TO US BY THE CLIENT IN WRITING.

### ***Voting Client Securities***

**Form ADV Part 2A, Item 17**

NEITHER THE IAR NOR THE FIRM WILL VOTE PROXY STATEMENTS ON BEHALF OF ADVISORY CLIENTS. THE ACCOUNT CUSTODIAN WILL FORWARD ALL PROXIES AND CORPORATE ACTIONS TO CLIENT'S ADDRESS OF RECORD, CLIENT'S DESIGNEE, OR AS INSTRUCTED BY CLIENT.

WE WILL NEITHER ADVISE NOR ACT ON BEHALF OF THE CLIENT IN LEGAL PROCEEDINGS INVOLVING COMPANIES WHOSE SECURITIES ARE HELD IN THE CLIENT'S ACCOUNT(S), INCLUDING, BUT NOT LIMITED TO, THE FILING OF "PROOFS OF CLAIM" IN CLASS ACTION SETTLEMENTS. IF DESIRED, CLIENTS MAY DIRECT US TO TRANSMIT COPIES OF CLASS ACTION NOTICES TO THE CLIENT OR A THIRD PARTY. UPON SUCH DIRECTION, WE WILL MAKE COMMERCIALY REASONABLE EFFORTS TO FORWARD SUCH NOTICES IN A TIMELY MANNER.

### ***Financial Information***

**Form ADV Part 2A, Item 18**

BECAUSE THE FIRM DOES NOT RECEIVE FEES OF MORE THAN \$1,200 MORE THAN SIX MONTHS IN ADVANCE, HAS NEVER FILED A PETITION IN BANKRUPTCY AND IS NOT IN A "PRECARIOUS FINANCIAL POSITION," NO FINANCIAL REPORTING IS REQUIRED IN THIS NARRATIVE SECTION.