

Value Architects Asset Management LLC

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ADV Part 2A, Brochure **Dated: March 28, 2016**

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This Brochure provides information about the qualifications and business practices of Value Architects Asset Management LLC. If you have any questions about the contents of this Brochure, please contact us at 201-222-9930 or vfillet@valuearchitects.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 Value Architects Asset Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Value Architects Asset Management LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

Since the previous Annual Amendment filing on March 14, 2015, this ADV Part 2A Brochure has been materially amended at Items 5.A. and 7 as discussed below.

Item 5.A. has been amended to reflect a change in fee structure. In particular, for the first \$1,000,000 of assets under management, Value Architects Asset Management LLC previously charged for investment advisory services generally according to the following fee schedule:

| <u>Market Value of Portfolio</u> | <u>% of Assets</u> |
|---|--------------------|
| First \$100,000 | 1.50% |
| Additional Assets between \$100,001 and \$1,000,000 | 1.25% |

As amended, for the first \$1,000,000 of assets under management, Value Architects Asset Management LLC now charges for investment advisory services generally according to the following fee schedule:

| <u>Market Value of Portfolio</u> | <u>% of Assets</u> |
|---|--------------------|
| First \$250,000 | 1.50% |
| Additional Assets between \$250,001 and \$1,000,000 | 1.25% |

Item 7 has been materially amended to reflect that Value Architects Asset Management LLC generally requires a \$250,000 minimum asset level for investment advisory services, which is an increase of \$150,000.

Finally, while not a material change, Item 15 has been amended to reflect that if a client is introduced to Value Architects Asset Management LLC by either an unaffiliated or an affiliated solicitor, Value Architects Asset Management LLC may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, which shall not result in any additional charge to the client.

Value Architects Asset Management LLC's Chief Compliance Officer, Victoria Fillet, remains available to address any questions that a client or prospective client has about these changes or any other aspect of this Brochure.

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Item 4 Advisory Business

- A. Value Architects Asset Management LLC (“Registrant”) is a limited liability company formed in Delaware in 2001, with an office located in Hoboken, New Jersey. Registrant became registered as an Investment Adviser Firm with the Securities and Exchange Commission on February 24, 2006. Registrant is principally owned by Richard Harold Konrad, who is also the Registrant’s Managing Member and Chief Investment Officer.
- B. As discussed below, Registrant offers to its clients (individuals, high net worth individuals, pooled investment vehicles, pension and profit sharing plans, charitable organizations, insurance companies, etc.) investment advisory services and retirement plan consulting services. The Registrant **does not** provide financial planning and consulting services. Rather, as described in Item 10.C. below, Registrant will refer clients seeking financial planning and consulting services to Blueprint Financial Planning LLC, an SEC-registered investment adviser firm under common control with the Registrant.

INVESTMENT ADVISORY SERVICES

The client can engage Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis. Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under Registrant’s management. Before engaging Registrant to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

Before Registrant provides such investment advisory services, an investment adviser representative will work with each client to ascertain his/her/its investment objectives. Thereafter, Registrant will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, and may rebalance and/or recommend rebalancing the account based on such reviews.

RETIREMENT PLAN CONSULTING SERVICES

The Registrant also provides non-discretionary retirement plan consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, the Registrant shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a Retirement Plan Consulting Agreement between the Registrant and the plan sponsor.

Limitations of Non-Investment Consulting/Implementation Services. To the extent requested by the client, Registrant may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Registrant, nor any of its representatives, serves as an attorney, accountant, or insurance agent, and no portion of Registrant's services should be construed as legal, accounting, or insurance implementation services. Accordingly, the Registrant does not prepare estate planning documents, tax returns, or sell insurance products. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Non-Discretionary Service Limitations. Clients that determine to engage Registrant on a non-discretionary investment advisory basis **must be willing to accept** that Registrant cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Thus, in the event that Registrant would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, the Registrant will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

Retirement Plan Rollovers-No Obligation/Conflict of Interest. A client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in his/her former employer's plan, if permitted, (ii) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). The Registrant may recommend that a client roll over plan assets to an IRA managed by the Registrant. As a result the Registrant and its representatives may earn an asset-based fee (see **Please Note** below). In contrast, a recommendation that a client or prospective client leave his or her plan assets with his/her former employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to the Registrant (unless clients engage the Registrant to monitor and/or manage the account while maintained at his/her employer). The Registrant has an economic incentive to encourage a client to roll plan assets into an IRA that the Registrant will manage **or** to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. There are various factors that the Registrant may consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus the Registrant's, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. **No client is under any obligation to roll over plan assets to an IRA managed by the Registrant or to engage the Registrant to monitor and/or manage the account while maintained at the client's employer.** **Please Note:** If Registrant's engagement will include the management of the client's retirement

account per the same fee schedule set forth in Item 5 below, regardless of custodian or the client's decision to process a rollover, the above economic incentive to recommend a rollover is generally not present. **Registrant's Chief Compliance Officer, Victoria Fillet, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

Unit Investment Trusts. Registrant also provides non-discretionary investment advice as a portfolio consultant for Unit Investment Trusts ("UIT") to Advisors Asset Management LLC, an SEC-registered investment advisory firm and FINRA/SIPC member broker-dealer. Registrant's role in this capacity is solely to provide research and portfolio recommendations to this UIT sponsor. Advisors Asset Management LLC retains full discretion to accept, modify, or reject Registrant's recommendations as applied to its clients, who are not Registrant's clients.

Inverse/Enhanced Market Strategies. The Registrant may utilize long and short positions that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

Client Obligations. In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

Disclosure Statement. A copy of Registrant's written disclosure statement as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement or Retirement Plan Consulting Agreement.

- C. Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on Registrant's services.
- D. Registrant does not offer a wrap fee program for its investment advisory services. However, Registrant is a participating investment adviser in certain unaffiliated wrap and managed account fee programs. The programs for which Registrant manages investment advisory accounts on a discretionary basis are sponsored by Stifel Nicolaus & Company Incorporated (the "Program Sponsor"). With respect to the wrap-fee program in which Registrant is a participating investment adviser, clients pay their fees directly to the

Program Sponsor who, in turn, remits a portion of those fees to Registrant. The advisory fees remitted to Registrant are based upon an annual percentage of assets under management as calculated by the Program Sponsor either on a quarterly basis or a monthly basis, which are disclosed to clients as part of the Program Sponsor's Wrap Fee Program Brochure.

Please Note (Unaffiliated Wrap Program). In the event that Registrant is engaged to provide investment advisory services as part of an unaffiliated wrap-fee program, Registrant will be unable to negotiate commissions and/or transaction costs. Under a wrap program, the wrap Program Sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately. Since the custodian/broker-dealer is determined by the unaffiliated wrap program sponsor, Registrant will be unable to negotiate commissions and/or transaction costs, and/or seek better execution. As a result, clients may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices on transactions for the account than would otherwise be the case through alternative clearing arrangements recommended by Registrant. Higher transaction costs adversely impact account performance. **Registrant's Chief Compliance Officer, Victoria Fillet, remains available to address any questions that a client may have regarding participation in a wrap fee program.**

- E. As of December 31, 2015, Registrant had \$85,483,886 in assets under management on a discretionary basis and approximately \$47,220,000 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

A. INVESTMENT ADVISORY SERVICES

Registrant's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under Registrant's management, generally between negotiable and 1.50% as follows:

| <u>Market Value of Portfolio</u> | <u>% of Assets</u> |
|---|--------------------|
| The First \$250,000 | 1.50% |
| Additional Assets between \$250,001 and \$1,000,000 | 1.25% |
| Additional Assets between \$1,000,001 and \$2,000,000 | 1.00% |
| Additional Assets between \$2,000,001 and \$5,000,000 | 0.80% |
| Additional Assets exceeding \$5,000,000 | Negotiable |

RETIREMENT PLAN CONSULTING SERVICES

If a client determines to engage the Registrant to provide retirement plan consulting services, the terms and conditions of the engagement shall generally be set forth in a Retirement Plan Consulting Agreement between the Registrant and the plan sponsor. The Registrant charges a negotiable annual fee for retirement plan consulting services, which generally ranges from 0.55% to 0.75% of plan assets depending on the level and scope of services requested, the individual(s) rendering the service, and the size of the plan.

- B. Clients may elect to have Registrant's fees deducted from their custodial accounts. The applicable form of Agreement and the custodial / clearing agreement may authorize the custodian to debit the account for the amount of Registrant's fees and to directly remit that fee to Registrant in compliance with regulatory procedures. In the limited event that Registrant bills the client directly, payment is due upon receipt of Registrant's invoice. Registrant deducts and/or bills clients for its fees quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter. Upon termination, Registrant will debit the account or bill the client for the pro-rated portion of the unpaid advanced advisory fee based upon the number of days that services were provided during the billing quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Registrant generally recommends that TD Ameritrade Institutional, a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as TD Ameritrade charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment advisory fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).
- D. Registrant's investment advisory and retirement planning fees are prorated and paid quarterly, in arrears, based on the value of the assets on the last business day of the previous quarter. The applicable form of client agreement with the Registrant will continue in effect until terminated by either party by written notice in accordance with the terms of such agreement. Upon termination, Registrant will debit the client account or bill the client for the pro-rated portion of the unpaid advanced fee based upon the number of days that services were provided during the billing quarter (as applicable).
- E. Neither Registrant, nor its representatives, accepts compensation from the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither Registrant, nor any supervised person of Registrant, accepts performance-based fees.

Item 7 Types of Clients

Registrant's clients shall generally include individuals, high net worth individuals, pooled investment vehicles, pension and profit sharing plans, charitable organizations, and insurance companies. Registrant generally requires a \$250,000 minimum asset level for investment advisory services. Registrant, in its sole discretion, may charge a lesser investment advisory or retirement planning fee and/or reduce or waive its minimum asset requirement based upon certain criteria such as anticipated future earning capacity, the

level and scope of services required, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.

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

A. Registrant may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts);
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices); and
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices).

Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year);
- Short Term Purchases (securities sold within a year);
- Trading (securities sold within thirty (30) days); and
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time).

Please Note: Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s).

B. Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis Registrant must have access to current/new market information. Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period involves a very short investment time period but will incur

higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, the Registrant may also recommend the use of options transactions, which, as an investment strategy, involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by Registrant shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by Registrant is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- C. Currently, Registrant primarily allocates client investment assets among various individual equities (stocks, including preferred stock), bonds, closed end funds, Real Estate Investment Trusts ("REITs"), publically traded business development corporations, exchange traded funds, and positions that are designed to perform in an inverse relationship to certain market indices on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

Please Note: REITs generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each REITs' offering documents, which will be provided to each client for review and consideration.

As disclosed above, the Registrant may utilize long and short positions that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

Registrant may also allocate client assets, on a discretionary basis, among one or more asset allocation models that have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Registrant's asset allocation models, with a non-exclusive safe harbor from the definition of an investment company.

In accordance with Rule 3a-4, the following disclosure is applicable to Registrant's management of client assets through the asset allocation models:

1. Initial Interview – at the opening of the account, the Registrant, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly the Registrant shall notify the client to advise the Registrant whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, the Registrant shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – the Registrant shall be reasonably available to consult with the client relative to the status of the account;
6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the Registrant not to purchase certain mutual funds;
8. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account - a separate account is maintained for the client with the Custodian;
10. Ownership – each client retains indicia of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

The Registrant believes that its annual investment advisory fee is reasonable in relation to: (1) the advisory services provided under the Investment Advisory Agreement; and (2) the fees charged by other investment advisers offering similar services/programs. However, Registrant's annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Registrant's annual investment advisory fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses). **Please Note:** Registrant's investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

A brief description of each of Registrant's asset allocation programs follows:

All-Cap Equity Asset Allocation Model

This asset allocation model is comprised of at least 20 and a maximum of 35 individual equities utilizing a "bottom-up fundamental approach." The investable universe of this model consists largely of companies in the Russell 3000 index with market capitalization rates greater than \$200 million, as well as some international companies based in developed countries. In this respect, Registrant seeks companies that it believes are: misjudged, whose future prospects are not widely or accurately recognized, and/or

companies whose stock has overreacted to news or a temporary disruption in earnings potential. In addition, Registrant selects equities for this model that it anticipates will: generate free cash flow in excess of operational needs; exhibit a sustainable competitive advantage; and/or is priced at a discount to Registrant's estimate of intrinsic value.

Balanced Asset Allocation Model

This asset allocation model is comprised of approximately 60% equities and 40% fixed income securities. The criteria for equity selection are identical to the All-Cap Equity Asset Allocation Model described immediately above. In addition, for the Balanced Asset Allocation Model, Registrant selects fixed income securities from a broad universe of securities including bonds, closed-end funds, REITS, Preferred Stocks, and Business Development Corporations. The goal of the fixed income portfolio segment is to achieve a level of diversification that allows the client to obtain a total return greater than the return of an intermediate term corporate bond. If successful, such a strategy would allow clients to capture higher yields by taking advantage of securities that are mispriced by the market based on their expected cash flow stream.

Item 9 Disciplinary Information

Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Other Financial Planner.** Registrant is under common control with Blueprint Financial Planning LLC, an SEC-registered investment adviser firm that solely provides financial planning and consulting services (SEC # 801-76694). If a client seeks financial planning and consulting services, the Registrant or its representatives will refer that client to Blueprint Financial Planning LLC for such services.

Conflict of Interest: The recommendation by Registrant or its representatives that a client seek financial planning services from Blueprint Financial Planning LLC presents a potential **conflict of interest**, as Registrant could have the incentive to make such a recommendation based on fees received from that client, rather than on a particular client's need. Clients are reminded that they are not under any obligation to pursue services from Blueprint Financial Planning LLC. **Registrants' Chief Compliance Officer, Victoria Fillet, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Registrant or any person associated with Registrant.

- B. Neither Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which Registrant or any related person of Registrant has a material financial interest.
- C. Registrant and/or representatives of Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Registrant and/or representatives of Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Registrant's clients) and other potentially abusive practices.

Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Registrant's "Access Persons". Registrant's securities transaction policy requires that an Access Person of Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Registrant selects; provided, however that at any time that has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Registrant and/or representatives of Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Registrant and/or representatives of Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment advisory accounts be maintained at TD Ameritrade. Prior to engaging Registrant to provide investment advisory services, the client will be required to enter into a formal Investment Advisory Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending TD Ameritrade (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment advisory fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from TD Ameritrade (or another broker-dealer/custodian investment platform, unaffiliated investment manager, and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade as a result of this arrangement. There is no corresponding commitment made by the Registrant to TD Ameritrade or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

TD Ameritrade Institutional Advisor Program

Registrant participates in the institutional advisor program (the "TD Ameritrade IA Program") offered by TD Ameritrade Institutional, which is a division of TD Ameritrade. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Registrant receives some benefits from TD Ameritrade through its participation in the TD Ameritrade IA Program; and Registrant may recommend TD Ameritrade to clients for custody and brokerage services. Please refer to Item 14 below for more details regarding the TD Ameritrade IA Program.

Registrant's Chief Compliance Officer, Victoria Fillet, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

2. Registrant does not receive referrals from broker-dealers.
3. Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

Registrant's Chief Compliance Officer, Victoria Fillet, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Registrant decides to purchase or sell the same securities for several clients at approximately the same time. Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission

rates or to allocate equitably among Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Registrant on an annual basis.
- B. Registrant may conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A above, the Registrant may receive indirect economic benefits from TD Ameritrade including support services and/or products without cost (and/or at a discount). Registrant's clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade as a result of this arrangement. There is no corresponding commitment made by the Registrant to TD Ameritrade or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

TD Ameritrade Institutional Advisor Program

As indicated in Item 12 above, Registrant participates in the TD Ameritrade IA Program”) offered by TD Ameritrade Institutional, which is a division of TD Ameritrade. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Registrant receives some benefits from TD Ameritrade through its participation in the TD Ameritrade IA Program; and Registrant may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Registrant's participation in the TD Ameritrade IA Program and the investment advice it gives to its clients, although Registrant receives economic benefits through its participation in the TD Ameritrade IA Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related

products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Registrant by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Registrant's related persons. Some of the products and services made available by TD Ameritrade through the TD Ameritrade IA Program may benefit Registrant but may not benefit its client accounts. These products or services may assist Registrant in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Registrant manage and further develop its business enterprise. The benefits received by Registrant or its personnel through participation in the TD Ameritrade IA Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Registrant endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Registrant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Registrant's choice of TD Ameritrade for custody and brokerage services.

Registrant's Chief Compliance Officer, Victoria Fillet, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment advisory fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

Item 15 Custody

Registrant shall have the ability to have its investment advisory and planning fee for each client debited by the custodian on a monthly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Registrant may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Registrant's investment advisory and planning fee calculation.

Item 16 Investment Discretion

The client can determine to engage Registrant to provide investment advisory services on a discretionary basis. Prior to Registrant assuming discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement, naming Registrant as the client's attorney and agent in fact, granting Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Registrant's use of margin, etc.).

Item 17 Voting Client Securities

- A. Unless the client directs otherwise in writing, the Registrant is responsible for voting client proxies. However, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits. The Registrant shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. The Registrant shall monitor corporate actions of individual issuers and investment companies consistent with the Registrant's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which Registrant will consider when determining how it will vote differ on a case by case basis, they may, but are not limited to, include a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, the Registrant may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), the Registrant may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. The Registrant shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2(c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how the Registrant voted on any specific proxy issue is also available upon written request. Requests should be made by contacting the Registrant's Chief Compliance Officer, Victoria Fillet.
- B. As indicated above, the Registrant has authority to vote client proxies.

Item 18 Financial Information

- A. Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: Registrant's Chief Compliance Officer, Victoria Fillet, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.