

# **Investment Adviser Brochure Part 2A**

## **D.B. Wealth Management Group, LLC**

1450 Frazee Road, Suite 610  
San Diego, CA 92108  
Main Telephone No. (619) 497-0404  
General Website:  
[www.dbwmg.com](http://www.dbwmg.com)

This brochure provides information about the qualifications and business practices of D.B. Wealth Management Group, LLC. If you have any questions about the contents of this brochure, please contact us at (619) 497-0404.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Additional information about D.B. Wealth Management Group, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) .

**February 1, 2017**

## **Item 2 – Material Changes**

There have been no material changes to this brochure since the last annual amendment which was submitted on February 1, 2017.

## Item 3 – Table of Contents

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## **Item 4 – Advisory Business**

D.B. Wealth Management Group, LLC (“the Adviser”) has been in business since January, 2012. Jeanne Bradford-Odorico is a principal of the firm and a 50% co-owner. She was the sole owner of investment adviser Bradford Wealth Management from 1996-2012. Michael Donohue is also a principal of the firm and co-owner of a 50% share. Mr. Donohue was the owner of Donohue Wealth Management, an investment adviser, from 1993-2012.

### **Assets Under Management**

As of December 31, 2016, the Adviser managed \$101,869,000 in client assets on a discretionary basis.

The Adviser provides fee based investment advisory services for compensation based on the individual goals, objectives, time horizon, and risk tolerance of each client. Portfolio management services include, but are not limited to, the following:

- Investment Strategy
- Asset Allocation
- Risk Tolerance
- Personal investment policy
- Asset Selection
- Regular Portfolio Monitoring

Adviser representatives are restricted to providing services and charging fees based in accordance with the descriptions detailed in this document and the account agreement. Investment strategies and recommendations are tailored to the individual needs of each client.

### **Investment Management Services**

The Adviser provides investment management services to its clients on a discretionary and non-discretionary basis. When the Adviser manages client assets on a discretionary basis, the Adviser executes securities transactions for clients without having to obtain specific client consent prior to each transaction. Discretionary authority is limited to investments within a client’s managed accounts. However, clients may impose restrictions on investing in certain securities or types of securities.

When the Adviser manages client assets on a non-discretionary basis, the Adviser notifies the client and obtains permission prior to the sale or purchase of each security within the managed account. Clients may decide not to invest in certain securities or types of securities and may refuse to approve securities transactions.

The Adviser provides investment management services that include, among other things, advice regarding asset allocation and the selection of investments, portfolio design, investment plan implementation and ongoing investment monitoring. The Adviser relies on the stated objectives of the client and considers the client’s risk profile and financial status prior to making any recommendations. The Adviser doesn’t participate in wrap fee programs by providing portfolio management or any other services.

## **Asset Management**

The Adviser, through its investment adviser representatives, provides ongoing investment advice and management on assets in the client's custodial accounts.

The purchase of a securities and/or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from investment adviser representative of the firm. Clients may purchase investment products recommended by investment adviser representatives through other, non-affiliated broker/dealers or insurance agents.

## **Advisory Referral Services**

The Adviser maintains referral agreements with third-party asset managers (other independent investment advisers).

The Adviser gathers information about a client's financial and tax status and investment objectives in order to determine the client's risk profile. Based on this analysis the Adviser assists the client in allocating assets among various third-party asset management programs.

The Adviser receives compensation for introducing clients to these third-party asset managers and for certain ongoing services provided to clients. These arrangements create a potential conflict of interest because the Adviser may have an incentive to refer a client to these third-party asset managers.

All third-party asset managers to whom the Adviser refers a client are licensed as investment advisers by their resident states and any applicable jurisdictions or by the Securities and Exchange Commission.

## **Strategic Wealth Management (SWM)**

Strategic Wealth Management (SWM) is a comprehensive, open-architecture, fee-based investment platform created by LPL Financial to allow independent investment advisers such as D.B. Wealth Management Group, LLC to offer clients customized advice and exceptional service. The platform provides a foundation to develop long-term financial goals and provide potential solutions. With this platform, multiple investments can be wrapped into one account with one consolidated statement.

The Adviser has the fiduciary responsibility for these accounts.

Investment adviser representatives of the Adviser are also registered representatives of LPL Financial.

## **Financial Planning & Consulting Services**

The Adviser provides financial planning and consulting services consistent with client financial and tax status, in addition to risk profile and return objectives.

Financial planning services may include comprehensive planning (creation of a customized financial plan that coordinates client investments, tax minimization and risk management strategies), retirement planning, advanced IRA distribution planning and estate planning.

The Adviser also provides investment counsel and advisory services including:

- Creating customized portfolios designed to help clients work towards reaching their financial goals
- Simplifying and organizing client finances
- Providing quarterly reports that are readable and understandable
- Conducting quarterly or as needed meetings with clients to review and make any necessary adjustments to client portfolios
- Providing consultation advice by guiding clients through the complexity of an ever changing financial landscape

The Adviser starts the comprehensive financial planning process by taking a financial inventory. This generally involves gathering enough data to perform an analysis of client liabilities, cash flow and net worth analysis, and tax assessments. The Adviser also evaluates client insurance coverage and needs in addition to developing risk profiles and return objectives. The Adviser's next step typically involves assisting clients with formalizing their goals and plotting their investment timelines.

## **Item 5 – Fees and Compensation**

### **Asset Management**

The specific manner in which fees are charged by the firm is established in a client's written agreement between the client and D.B. Wealth Management Group, LLC – up to 2.0% of assets under management. Clients can determine to engage the services of D.B. Wealth Management Group, LLC on a discretionary or non-discretionary basis.

The firm's annual investment advisory fee will be based upon a percentage (%) of the market value and type of assets placed under the firm's management to be charged quarterly in advance. D.B. Wealth Management Group, LLC's representatives may at their discretion negotiate a fee, based on a number of factors, including, but not limited to, the complexity of the client's financial situation and holdings within the account. While the maximum fee is 2.0%, a typical fee schedule is listed below.

| <b>Assets under Management</b> | <b>Annual Fee %</b> |
|--------------------------------|---------------------|
| First \$250,000                | 1.50%               |
| \$250,001 - \$499,000          | 1.35%               |
| \$499,001 - \$999,000          | 1.25%               |
| \$999,001 - \$1,999,999        | 1.00%               |
| \$2,000,000 - \$2,999,999      | 0.90%               |
| \$3,000,000 - \$4,999,999      | 0.85%               |
| \$5,000,000 (+)                | 0.80%               |

Asset management fees cover all investment and advisory fees paid on a fee-based advisory account, and do not include custody, transaction or mutual fund/ETF internal expenses.

### **Advisory Referral Fees**

Adviser receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Adviser would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

The compensation the Adviser receives from LPL or other third-party managers is disclosed in separate disclosure documents.

Compensation is typically equal to a percentage of the investment management fee charged by the third-party asset manager or a fixed fee. The disclosure document provided by the Adviser will clearly state the fees payable to the Adviser and whether the payment of the Adviser's fee will increase the total fees the client must pay to the third-party manager.

Since the compensation the Adviser receives may differ depending on the agreement with each third-party manager, the Adviser may have an incentive to recommend one third-party manager over another.

Fees paid by clients to independent third-party managers are established and payable in accordance with the ADV Part 2A brochure or other equivalent disclosure document of each independent third-party manager to whom the Adviser refers its clients and may or may not be negotiable. The facts and circumstances of negotiability are contained in the disclosure documents of each third-party manager.

Clients who are referred to third-party investment managers will receive a Part 2A brochure providing details of services rendered and fees to be charged.

Clients will receive copies of the Adviser's and third-party investment managers' Parts 2A at the time of the referral.

In addition, if the Adviser recommends a wrap fee program, the client will also receive a wrap fee brochure provided by the sponsor of the program. The Adviser will provide to each client all appropriate disclosure statements, including disclosure of solicitation fees paid to the Adviser and its advisory associates.

### **Financial Planning & Consulting Fees**

The Adviser charges fees of up to \$250 per hour or a fixed fee of \$500-\$3,500.

Fees are based on the scope and complexity of a client's financial situation and the number of areas to be reviewed per client request. The Adviser does not charge fees in excess of the original estimate without first obtaining client consent.

## **Comprehensive Personal Financial Analysis**

The financial planning fee is generally \$2,500.00\*. Fees are negotiable at the discretion of the Adviser and are based upon the actual services provided and the complexity of a Client's situation. This estimate will never be exceeded except with the Client's signed authorization allowing the Adviser to do so. Fees are due and payable upon delivery of the written financial plan to the Client.

\*This fee and any fees for ongoing financial planning are inclusive under the terms of the Adviser's asset management advisory fees for clients that meet the minimum of \$350,000. Significant changes to the financial plan (e.g. business succession, divorce allocations, estate settlement) may result in separate billing on a project basis.

Fees are due and payable as follows:

**Financial Consultation Services** - Payment is due when a written report is delivered to the client.

**Financial Planning** - Fees are due and payable upon delivery of the written financial plan.

If clients elect to implement recommendations made in a financial plan, their accounts may incur transaction costs, retirement plan administration fees, and other mutual fund annual expenses that are charged by broker-dealers, plan administrators or mutual fund companies that sell securities or provide additional services to Adviser clients. These fees are in addition to and separate from planning and consulting fees.

The Adviser considers fees for financial planning or a consulting project to be earned as progress is realized toward creation of the plan or completion of the service. Under no circumstances will the Adviser earn fees in excess of \$500 more than six months in advance of services rendered.

A planning or consulting client will have a period of five (5) business days from the date of signing an agreement to unconditionally rescind the agreement. Thereafter, either party may terminate the agreement by providing the other party with thirty calendar days' written notice.

Upon termination, the Adviser will prorate fees earned to the date of termination and will bill the client accordingly.

## **Receipt of Additional Compensation**

Investment adviser representatives may receive brokerage or mutual fund trail commissions for the sale of securities to clients, in their capacity as registered representatives of a broker-dealer. This practice may present a potential conflict of interest as it provides an incentive to recommend investment products based on the compensation received rather than on the client's needs. The Adviser monitors trading practices and regularly reviews client securities transactions in order to protect clients against this conflict of interest.



Clients are advised that they are not required to purchase or sell securities through the investment adviser representatives acting in the capacity of registered representatives of a broker-dealer and may purchase the same securities or products from an unaffiliated broker-dealer.

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

The Adviser does not charge or receive, directly or indirectly, any performance-based fees.

## **Item 7 – Types of Clients**

The Adviser provides advisory services to:

- Individuals
- High net worth individuals

### **Account Minimums**

The Adviser requires a \$350,000 minimum to establish an account, although exceptions may be granted at the Adviser's discretion.

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

The Adviser may recommend one or a combination of assets and investment strategies as follows:

### **Funds**

The Adviser may recommend the use of index and actively managed mutual and exchange-traded funds.

The Adviser recommends index funds based on how closely the funds' characteristics mirror the index they track.

The Adviser analyzes actively managed funds by comparing funds that target the same market sector such as foreign or domestic, and small, medium or large companies with the same investment style, using prospectuses and other sources of information.

Reviews include:

- Rank in Category over various periods
- Return Rating
- Risk Rating
- YTD Return – Outsize swings in comparisons to peers can be a sign of risky practices such as placing large bets on certain sectors of the market

- 1Yr Return
- 3 Yr Return
- 5 Yr Return – Typically over a five year period, the economy experiences a complete cycle. However, how a manager operates in various economic environments reflects the manager’s ability to make adjustments or stay the course.
- Loads
- Total Expense Ratio
- Net Assets
- Turnover
- Median Market Capitalization
- Morningstar Rating

The Adviser also takes the manager or management team tenure under consideration to determine who was responsible for generating the performance numbers.

## **Public Securities**

### *Fundamental Analysis*

The Adviser uses fundamental analysis. Fundamental analysis involves predicting the price movement of an asset based on measures that are related to the underlying business. This method is used to judge the performance of management. Although it is important to note that things outside of management’s control can impact performance. Comparing the margins of the company and its relative performance to that of two or three of its peers will give an idea whether the performance is potentially outside of management’s control.

The Adviser gathers company information from:

- Financial newspapers and magazines
- Research materials prepared by others
- Corporate rating services
- Annual reports and other filings with the Securities and Exchange Commission - Management ownership, management compensation, stock options, institutional ownership, etc.
- Company press releases

### Financial information:

The health of a company is reflected in its financial statements and other financial information.

While potential red flags can be identified, statements are often backward looking and information can be manipulated even using acceptable accounting practices. The Adviser typically reviews the following:

- Annual audited and unaudited financial statements as well as interim statements (monthly or quarterly) for the current year
- Auditors' annual reports
- Schedule of state and local jurisdictions in which the company currently files tax returns and pays taxes, including income, property, payroll and sales, use taxes and any settlements and liens
- Schedule of completed tax examinations/audits from the past 5 years and all tax examinations/audits in progress or scheduled to be performed
- Loan agreements, lines of credit, promissory notes, indentures and other debt instruments, including notes payable and guarantees (by or in favor of the company), and any other agreements collateralized or secured by the assets
- Any budget and financial projections
- Extraordinary income or expense details
- Explanation of any material write-downs or write-offs
- A summary of bad debt and outstanding contingent liabilities
- Capitalization, warrants, option agreements and covenants
- Product or service pricing plans and policies

Evaluating the liquidation value of a company may be as important as analyzing financial health.

Generally accurate valuation of real estate leases, deeds, mortgages, title policies, surveys, zoning approvals, variances or use permits, copyrights, patents and patent applications, trademark and trade names material consulting agreements, agreements regarding inventions, and licenses or assignments of intellectual property and other assets, will be vital.

#### Products and Services:

Businesses make money by selling products and services. Evaluating a business may involve analyzing its current products or services, products or services under development and the factors that can impact them.

These may include regulatory approval or disapproval and related commentary, results of tests, evaluations, studies, surveys, and other data regarding existing products or services and those under development, largest customers, advertising programs, marketing plans and research reports, surveys, and marketing materials, and major competitors.

### Litigation and Liabilities:

Pending or anticipated litigation, injunctions, consent decrees, settlements or judgments, labor disputes, grievance procedures, complaints or warranty claims, and regulatory proceedings can have an adverse impact on the performance of a company both short and long term. In addition, any guaranty to which the company is a party creates potential liability.

The actual or potential impact can be mitigated through the use of general liability, personal and real property, product liability, errors and omissions, key-man, directors and officers, worker's compensation, and other insurance.

### **Debt**

Debt is issued by federal, state and foreign governments and corporations to finance their operations. Public corporations can also issue equity securities. Debt represents a promise to repay the principal a firm receives and interest until repayment according to the terms and conditions of the debt instrument.

Debt obligations offer limited participation in the upside of a business. In exchange holders receive interest and a position that is generally senior to equity in a bankruptcy.

Fundamental analysis of debt may also involve analyzing the current yield, yield to maturity, yield to call, call and default risks, and interest coverage because of the characteristics of the investment and greater expectations of safety.

### *Technical Analysis*

The Adviser uses technical analysis. Technical analysis involves predicting the price movement of an asset based on factors unrelated to the underlying business (price, volume, and open interest, among other factors, to detect and interpret patterns to predict the movement of individual securities, an industry or the broad market).

Charting is a subsector of technical analysis and also focuses on predicting price movements of assets based on patterns that are formed by the price movements.

Clients are advised that investing in securities involves the risk of loss of the entire principal amount invested including any gains. Clients should not invest unless they are able to bear these losses. Any of the above investment strategies may lead to a loss on investments, especially if the markets move against the Client.

In addition, investing carries with it the risk of missing out on more favorable returns that could be achieved by investing in alternate securities or commodities.

### **Item 8.A – Frequent Trading of Securities**

The Adviser is not involved in the frequent trading of securities.

## **Item 8.B – Material Risks of Particular Securities**

The Adviser doesn't recommend investing in any type of security that involves significant or unusual risks except for the following which may present material risks to investors:

**Small and Micro-cap equity securities** (shares in companies that have a market capitalization of less than \$500 million) - Small and micro-cap stocks are stocks in companies that tend to have smaller market capitalization. Share prices can be extremely volatile and are prone to great fluctuations. This is primarily because of their smaller capitalization which can allow stock prices to be more easily influenced by a small number of large trades. This potential volatility presents a material risk for investors who could quickly lose a large part of their investments during a brief market downturn.

**Municipal securities** - Municipal securities are backed by either the full faith and credit of the issuer or by revenue generated by the specific project (like a toll road or parking garage) for which the securities were issued. The latter type of securities could quickly lose value or even become virtually worthless if the expected project revenue does not meet expectations.

**Options contracts** - An option is a contract that gives the buyer the right and the seller the obligation to buy or sell stock or futures contracts at a specific price for a set period of time. Options trading can present some or all of the following material risks (not an exclusive list):

Option sellers receive fixed compensation in exchange for accepting an obligation to buy or sell an underlying asset at a price that can fluctuate widely.

Securities price movement can make exercising options financially impractical and the options would expire worthless. This would result in the loss of the entire amount used to purchase the options.

Options sold may be exercised at any time before expiration requiring the seller to purchase or sell underlying securities at an unfavorable price.

Sellers of naked positions run margin risks if the position goes into significant losses (i.e. liquidation of positions by the broker).

Sellers of call options can lose more money than a short seller of that stock on the same rise on the underlying stock.

Call options can be exercised outside of market hours inhibiting remedies that can be taken by the seller of those options.

Sellers of stock options may be obligated to buy or sell securities upon exercise even if a trading market is not available or they are unable to perform a closing transaction.

The value of the underlying stock may unexpectedly increase or decline, leading to automatic exercises of options against the seller.

Options markets have the right to halt trading of options, thus preventing investors from realizing value.

**Futures contracts** (on tangibles and intangibles) - A futures contract is a standardized, transferable, exchange-traded contract that requires delivery of a commodity, bond, currency, or stock index, at a specified price, on a specified future date. Unlike options, (which the holder may or may not choose to exercise) futures contracts convey an obligation to purchase the underlying asset at a set future date.

The holder of a futures contract must have sold it by that date or be prepared to pay for and take delivery of the underlying asset.

Material risks can include, but are not limited to the following:

- Futures contracts have a margin requirement that must be settled daily.
- There is a risk that the market for a particular futures contract may become illiquid. This could be the case if a futures price has increased or decreased by the maximum allowable daily limit (and therefore, no one is willing to buy or sell a particular futures contract).
- The market price for a particular commodity or underlying asset might move against the investor requiring that the investor sell futures contracts at a loss.

**Partnership interests** (real estate, oil and gas interests) – Investment partnerships are typically composed of a limited number of partners and at least one general partner. The liability of the limited partners is restricted to the amount of each partner's investment. The liability of the general partner is theoretically unlimited and extends beyond the amount invested to personal or corporate assets.

Because of this increased exposure, the general partner manages the partnership, makes the investment decisions and receives fees and a higher portion of the return on partnership investments.

Because of the nature of the limited partnership structure, partnership investments should be considered long term and illiquid.

There are usually no secondary markets in which these types of investments trade. Therefore, if the value of the underlying assets should decline, the value of partnership shares would also decline and unlike other types of securities, an investor may find it hard to quickly sell shares in an illiquid market.

Clients should consult the Adviser if they have questions concerning the basic characteristics of these or other investment products or about the risks and potential rewards of investing.

## **Item 9 – Disciplinary Information**

The Adviser does not have any disciplinary information to disclose.

### **Item 9.A – Criminal or Civil Actions**

Neither the Adviser nor any management person has been found guilty of or has any criminal or civil actions pending in a domestic, foreign or military court.

### **Item 9.B – Administrative Proceedings**

Neither the Adviser nor any management person has any administrative proceedings pending before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

### **Item 9.C – Self-Regulatory Organization ("SRO") Proceedings**

Neither the Adviser nor any management person have been found by any SRO to have caused an investment-related business to lose its authorization to do business, or to have been involved in a violation of the SRO's rules, or were barred or suspended from membership or from association with other members, or were expelled from membership, otherwise significantly limited from investment-related activities, or fined more than \$2,500.

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

### **Item 10.A – Broker-Dealer Registration Broker Dealer**

Associated persons are registered principals or registered representatives of LPL Financial, a registered broker-dealer, member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

In these capacities, associated persons of the Adviser may recommend securities or other products and receive normal transaction costs, commissions or other compensation.

Thus, a conflict of interest may exist between the interests of the associated persons and those of the advisory clients.

However, clients are under no obligation to act upon any recommendations of the associated persons or affect any transactions through the associated persons if they decide to follow the recommendations.

### **Item 10.B – Futures Commission Merchant/Commodities Commodity Broker**

Neither the Adviser nor any of its management persons is a commodity broker/futures commission merchant, a commodity pool operator, commodity trading advisor or an associated person for the foregoing entities or has an application for registration pending.

### **Item 10.C – Relationships with Related Persons**

In addition, to being registered representatives of LPL Financial, associated persons are insurance agents appointed with various insurance companies.

In these capacities, associated persons of the Adviser may recommend securities, insurance, or other products, and receive commissions or other compensation if products are purchased through any firms with which any associated persons are affiliated. Thus, a potential conflict of interest exists between the interests of associated persons and those of the advisory clients.

However, clients are under no obligation to act upon any recommendations of the associated persons or affect any transactions through the associated persons if they decide to follow the recommendations.

#### **Item 10.D – Relationships with Other Advisers**

Neither the Adviser nor any of its management persons have any other material relationships or conflicts of interest with any financial industry participants other than those discussed above.

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

#### **Item 11.A – Code of Ethics**

The Adviser has adopted a Code of Ethics that sets forth standards of conduct expected of advisory personnel and to address conflicts that arise from personal trading by advisory personnel. Advisory personnel are obligated to adhere to the Code of Ethics, and applicable securities and other laws.

The Code covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures. The Adviser will provide a copy of the Code to any client or prospective client upon request.

#### **Item 11.B – Participation or Interest in Client Transactions**

##### **Principal Trading**

Neither the Adviser nor any broker-dealer affects securities transactions as principal with the Adviser's clients.

##### **Personal Trading of Associates Affiliated with a Brokerage Firm**

In their capacity as registered representatives or principals of LPL Financial, associated persons of the Adviser may receive payments from certain mutual funds distributed pursuant to a 12b-1 distribution plan or other such plans as compensation for administrative services, representing a separate financial interest.

As such, a conflict of interest may exist with respect to recommendations to buy or sell securities.



In all cases, transactions are affected based on the best interests of the client. The Adviser does not permit insider trading and has implemented procedures to ensure that its policy regarding insider trading is being observed by associated persons.

### **Agency Cross Transactions**

Neither the Adviser nor any associated person recommends to clients, or buys or sells for client accounts, securities in which adviser or an associated person has a material financial interest.

Neither the Adviser nor any associated person acting as a principal buys securities from (or sells securities to) clients; acts as general partner in a partnership in which Adviser solicits client investments; or acts as an investment adviser to an investment company that Adviser recommends to clients.

### **Item 11.C – Personal Trading by Associated Persons**

Associated persons may buy or sell for their own accounts the same securities that may be recommended to advisory clients.

Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored.

Associated persons are aware of the rules regarding material non-public information and insider trading. Associated persons may also buy or sell a specific security for their own accounts based on personal investment considerations which the Adviser does not deem appropriate to buy or sell for clients.

### **Item 11.D – Conflicts of Interest with Personal Trading by Associated Persons**

Neither the Adviser nor any related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that the Adviser or related persons buys or sells the same securities for their own accounts. The Adviser strictly prohibits this practice.

## **Item 12 – Brokerage Practices**

### **Item 12.A – Factors in Selecting or Recommending Broker-Dealers Brokerage**

#### **Recommendations by Persons Associated with Other BD/IAs**

Associated persons in their capacity as registered representatives may suggest that clients implement recommendations through LPL Financial.

If the client so elects, associated persons would receive normal and customary commissions as sales agents resulting from any securities transactions, presenting associated persons with a conflict of interest.

Furthermore, in implementing a plan through relationships maintained by associated persons, clients may pay commissions or fees that are higher or lower than those that may be obtained from elsewhere for similar services.

Clients are advised that they are under no obligation to implement the plan or its recommendations through the associated persons in their capacities as registered representatives.

#### **Item 12.A1 – Research and Other Soft Dollar Benefits**

The term "soft dollars" refers to funds which are generated by client trades being used to pay for products and services such as to research and enhanced brokerage services that the Adviser receives from or through the broker-dealers whom it engages to perform securities transactions. The Adviser does not receive soft dollars generated by securities transactions of its clients.

#### **Item 12.A2 – Brokerage for Client Referrals**

The Adviser does not refer clients to particular broker-dealers in exchange for client referrals from those broker-dealers.

#### **Item 12.A3 – Directed Brokerage**

The Adviser does not recommend or require that clients direct their brokerage business to any particular broker-dealer.

#### **Item 12.B – Trade Aggregation**

The Adviser does not aggregate the purchases or sales of securities for various client accounts because the Adviser provides financial planning and consulting services only.

### **Item 13 – Review of Accounts**

Investment adviser representatives of the Adviser perform reviews of all investment advisory accounts no less than quarterly. Accounts are reviewed for consistency with the investment strategy and performance among other things. Reviews may be triggered by changes in an account holder's personal, tax, or financial status.

Macroeconomic and company specific events may also trigger reviews. There is currently no limit on the number of accounts that can be reviewed by investment adviser representatives of the Adviser.

Advisory account statements are generated no less than quarterly. These statements are sent directly to the account owner from their broker-dealer, product sponsors, custodian or retirement plan administrators. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction.

The Adviser reviews financial plans on an annual basis or more frequently if financial conditions change or a client requests additional reviews. Both of the principals of the Adviser may conduct these reviews and there are no limits on the number of plans that either principal may review.

The Adviser does not furnish reports to clients. Clients receive regular statements from their broker-dealers, product sponsors or retirement plan administrators.

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

The Adviser does not have an arrangement under which it or its related persons compensate others for client referrals.

The Adviser doesn't receive any economic benefit from a person who is not a client for providing advisory services to clients. This includes sales awards or prizes.

## **Item 15 – Custody**

The Adviser does not have custody of client funds or securities.

## **Item 16 – Investment Discretion**

The Adviser may have complete discretion over the amount of assets to allocate to any investment within the guidelines of the advisory agreement without obtaining specific client consent. The Adviser may also have discretion over the selection of the broker to be used.

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

The Adviser does not vote client proxies, but third party money managers selected or recommended by our firm may vote proxies for clients. Clients will otherwise receive their proxies or other solicitations directly from their custodian.

Clients may contact the Adviser with questions about a particular solicitation by telephone at (619) 497-0404 or at [michael.donohue@lpl.com](mailto:michael.donohue@lpl.com) or [jeanne.bradford@lpl.com](mailto:jeanne.bradford@lpl.com).

## **Item 18 – Financial Information**

The Adviser doesn't require prepayment of advisory fees so no audited balance sheet is being provided.

There is no financial condition that is reasonably likely to impair the Adviser's ability to meet its contractual commitments to its clients.