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As of March 26, 2013

Form ADV, Part 2 is a "Disclosure Brochure" or "Brochure" required by The Investment Advisers Act of 1940 and is a very important document between Clients (you, your) and Strategic Investment Advisors (us, we, our). This Brochure provides information about our qualifications and business practices.

**This brochure provides information about the qualifications and business practices of Strategic Investment Advisors. If you have any questions about the contents of this brochure, please contact us at 419-517-9100 and/ or [www.siainvest.com](http://www.siainvest.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.**

**Additional information about Strategic Investment Advisors also is available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select "investment adviser firm" and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.**

We are an investment adviser registered with the Securities and Exchange Commission. Our registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you use to evaluate us (and other advisers) which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship.

## **Item 2 – Material Changes**

As of year end 2012 SIA and certain of its employees are no longer registered with FINRA as a broker dealer or as broker dealer representatives.

Currently our Brochure may be requested by contacting Beverly J. Langley, our Chief Compliance Officer, at the phone number or email address listed on the front cover of the Brochure.

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## **Item 4 – Advisory Business**

### **Overview of Strategic Investment Advisors, LLC**

Strategic Investment Advisors is a limited liability company organized in the state of Ohio. The firm was organized in April, 2005. We became an investment adviser registered with the SEC on 08/25/2005. Mark Klopfenstein and Scott Hohman are each 50% members of the LLC.

### **Description of Advisory Services**

In order to determine a suitable course of action for you, we will perform a review of your financial circumstances. Our review may include:

- determining your investment objective,
- consideration of your overall financial condition,
- your income and tax status,
- your personal and business assets,
- your risk profile
- any other factors unique to you.

In making investment decisions on your behalf, we will rely on a client profile or questionnaire which you complete.

In 2011, SIA began implementing a 5 stage new client process beginning with a “Discovery Meeting” with the objective of understanding as much as possible about what is important to our clients. The meetings following this are designed to present our recommendations, and then to implement and review progress toward reaching your goals. While this process may not apply to everyone, it is often implemented as a means for determining the investment portfolio for you.

### **Investment Supervisory Services**

Our investment supervisory services may be provided to you on a discretionary or non-discretionary basis and include ongoing monitoring and supervision of your assets. .  
Some examples of our investment advisory services include:

- Designing, revising and reallocating your portfolio. We determine your investments based on the factors listed above. You may impose guidelines and restrictions on our investment selection however this may affect the composition and performance of your portfolios. If you impose restrictions or guidelines on your portfolios, the performance of your portfolio with the same investment objective as another client portfolio may differ.
- We may utilize the services of sub-advisers and established third-party research services to assist us with formulating asset allocation, industry and sector selection and individual investment recommendations in constructing and maintaining your portfolio.
- We may recommend products or services managed or offered by other investment advisers or other parties that may or may not be affiliated with SIA.
- We offer advice on limited partnerships.

Fees for our services described in this section may involve the following fee types:

- Fixed/Flat fees
- Hourly fees
- Percentage of assets under management

### Asset Management Services

We also manage investment advisory accounts that do not include investment supervisory services. This service may be provided to you on a discretionary or non-discretionary basis.

Fees for our services described in this section may involve the following fee types:

- Fixed/Flat fees
- Hourly fees

### Written Financial Plan Services

We may furnish investment advice through consultations not included in any of the services described above. We may prepare a written financial plan for you as part of our advisory services. Our written financial plan services may involve consultation, analysis and recommendations in the six areas of financial planning:

- Financial Situation
- Insurance
- Investments
- Retirement Planning, and
- Estate Planning

In order to determine a suitable course of action for you, we will perform a review of the variables that are presented. Such review may include:

- determining your investment objective,
- consideration of your overall financial condition,
- your income and tax status,
- your personal and business assets,
- your risk profile and
- any other factors unique to you.

We will review your present financial situation and issue a written analysis and report of recommendations in accordance with your goals and objectives. This service may include an initial consultation and subsequent follow-up visits. We will, unless engaged separately to do so, not be responsible for the implementation of the plan. Under the Written Financial Plan Service, you assume full responsibility for the implementation of the plan. The services provided in this regard may include but would not be limited to the following:

- Preparation of an annual net worth statement;
- Create a cash flow statement;
- Review current investments and make recommendations thereon;
- Review client's most recent tax returns and provide tax planning advice;

- Review client's insurance and make recommendations;
- Review client's estate plan and make recommendations thereon;
- Complete a retirement analysis; and
- Provide education funding advice.

Our fees for a written financial plan may be affected by several factors such as the complexity of pertinent circumstances, the responsibility assumed by us, the potential benefit resulting to you and the perceived probability of certain anticipated complications that may arise. Although not an all-inclusive list, the following factors may impact the fee(s) charged to you:

- investment objectives;
- consideration of your overall financial condition, including current financial holdings;
- net worth;
- income and tax status, personal and business assets;
- marital status;
- number of dependents;
- risk profile;
- previous investment experience; and
- other factors unique to your particular circumstances.

It should be noted that the above listed factors are NOT intended to represent prospective examples of ALL factors that may contribute to the ultimate fee determination for you, however, any of these factors COULD be a contributing factor. No single one of these factors will be solely relied upon in your fee arrangement(s) determination.

As previously noted, fees for our services described in this section may involve the following fee types:

- Fixed/Flat fees
- Hourly fees

#### Investment Advice on Matters not involving Securities

Occasionally, we may furnish advice to you on matters not involving securities. These matters may involve issues related to tax planning, estate planning, insurance products, mortgage financing, college funding, savings strategies, etc.

As part of these services you may or may not engage us to provide you with any written documentation that supports recommendations or conclusions reached in advising you. If you wish to engage us for some type of service not specifically mentioned or referred to in the services noted above, we will ask you to provide us with guidance as to the scope of the engagement.

Fees for our services described in this section may involve the following fee types:

- Fixed/Flat fees
- Hourly fees

## Assets under Management

As of 12/31/12 we managed \$75,947,516.50 in discretionary client assets and \$48,840,136.98 in non-discretionary client assets for total regulatory assets under management of \$124,787,653.38.

## Item 5 – Fees and Compensation

The following information addresses the fees that we may charge for the services described in Item 4. Information noted below addresses the general fee ranges, calculation methods, billing frequency, and manner of billing.

### Annual Percentage of Assets Under Management

Account(s) Value	Annual Percentage
First \$250,000	1.00%
\$250,001 - \$999,999	1.00%
\$1,000,000 - \$2,499,999	0.75%
\$2,500,000 - \$4,999,999	0.75%

\$5,000,000 ++

negotiable

**This schedule is used only as a guideline, all fees are subject to negotiation at our discretion.**

### Assessment of Annual Fees (in ADVANCE)

We will bill you on a quarterly (calendar) basis. The first bill (“inception bill”) is calculated and prorated according to the date (“inception date”) of execution of investment management agreement between you and us and is payable at the end of the calendar quarter in which the initial meeting between you and us takes place. The inception bill is based upon the pre-determined flat fee or a percentage of assets in your account(s) as of the inception date (date that all securities have transferred to SIA’s management). This fee portion is referred to as the “inception fee.”

At the same time the inception fee is calculated, we will also calculate, in advance, the next quarter’s fee based upon the pre-determined flat fee or a percentage of the assets contained in your account(s) as of the last business day of that calendar quarter. This fee amount is calculated by assessing one quarter (1/4) of the total annual percentage charged against the assets in your account(s) or one quarter of the pre-determined flat fee amount. Your first bill will include the inception fee and the first full quarter’s fee (advanced). Each subsequent quarterly fee will be calculated, in advance, based upon the pre-determined flat fee or a percentage of the dollar amount of assets in your account(s) as of the last business day of each calendar quarter.

In the event of termination of our investment advisory relationship, you will receive a pro rata refund of any pre-paid fees attributable to any period after the date of termination.

## **Retirement Plan Fees**

Retirement plans for whom we provide non-discretionary investment management services and are held in custody at Alerus and Spectrum are charged an annual fee. This fee will be billed monthly, in arrears and taken from plan assets. A third party (usually the recordkeeper or the custodian) will calculate the fee, based on your investment management agreement with us, and deduct the fee directly from the account. The first investment management fee will be pro-rated to the date we first begin to manage the assets. If either party decides to terminate our investment management relationship, all fees due to us will be pro-rated to the date of the termination.

Retirement plan assets held at Aspire 403(b) will be billed an annual fee quarterly in arrears. A third party (usually the recordkeeper or the custodian) will calculate the fee, based on your investment management agreement with us, and deduct the fee directly from the account.

Retirement plan assets held at TD Ameritrade, PNC Bank and BMO (FKA M & I Trust) will be billed in the manner described under **Assessment of Annual Fees (in ADVANCE)**.

Because the services that we may provide to the plan are unique to the plan, our fees will be customized for each retirement plan client.

## **Annual Fixed Fees**

We may charge a fixed fee for our advisory services. Our fixed fee range is from \$500 to \$10,000 on an annual basis, depending upon the level and scope of the services required. The services that may correspond to the designated fixed fee amount may vary. We are unable to forecast the exact services that may be involved for the client who is charged \$500 or one who is charged \$10,000 for our services on a fixed-fee basis. As such, the determination of the fixed-fee amount will vary based upon any number of factors which may be specific to each of your individual circumstances. Advisory services that are anticipated to be more complex will generally warrant a higher fixed-fee amount. Less complex services may generally result in a lower fixed-fee amount.

There is no set group of services that may be obtained at the \$500 level or any particular set of services that may be obtained at the \$10,000 level. The fixed-fees will be based on the complexity of the service that is anticipated to be necessary for you.

Our fixed fee for providing advisory services is determined based on anticipated work to be done. Since we cannot accurately determine the fee amount until learning about your financial circumstances, it is our practice to provide an initial, no obligation, no cost meeting in order to become familiar with your circumstances. We will obtain information from you which will assist us in determining the fee amount for your advisory services.

## **Hourly Fees**

We may charge an hourly fee for our advisory services. Our hourly fees are \$200.00 per hour. It is our practice to provide an initial, no obligation, no cost meeting in order to become familiar with your circumstances.

We will obtain information from you which will assist us in determining the most appropriate course of action for your financial and investment activity.

### **Assessment of hourly fees**

Hourly fee(s) will be billed in arrears, as specific services are performed. Hourly fees are calculated by multiplying the number of hours of service performed by the designated hourly rate (i.e. # of hours times designated hourly rate). We will bill in increments of fifteen (15) minutes.

An invoice will be generated and submitted to you. The invoice is usually prepared no later than the fifth business day of the calendar month following the month in which the service(s) was performed. The invoice is payable by the twentieth business day of the calendar month following the month in which the service(s) was performed.

### **Other Fee Considerations**

#### Billing by custodian

At the time that you sign our investment management agreement, we may also ask you to sign an authorization that will allow the qualified custodian of any of your accounts to debit your account(s) the amount of advisory fees owed to us and send those fees to us. The authorization is valid until you provide us a written notice revoking the authorization. In connection with this fee deduction process, the following procedures will be followed.

The qualified custodian will send to you a statement, at least quarterly, indicating

- all amounts disbursed from your account, and
- the amount of advisory fees paid directly to us.

#### Via direct billing

You may also choose to be billed directly by us for our advisory fees. If you chose this method, you will receive an invoice by the fifth business day of the month subsequent to the most recently ended calendar quarter. Payments are due on or by the final business day of the month in which the invoice is generated.

We may choose to charge a lesser or no advisory fee based upon certain criteria (i.e. anticipated future earnings capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with the client, etc.). No increase in our advisory fee(s) is effective without prior written notification of at least thirty (30) days to you.

### **Additional Fees & Expenses**

In addition to our investment advisory fee(s), you may be assessed other fees by parties independent from us. You may also incur, relative to certain investment products (such as mutual funds), charges imposed directly at the investment product level (e.g. advisory fees, administrative fees, and other fund expenses). Brokerage fees/commissions charged to you for securities trade executions may be billed to you by the broker-dealer or custodian of record for

your account. These fees are in addition to our investment management fee. You acknowledge that you are solely and directly responsible for all fees, including other than our fees billed directly to you.

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

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (referred to as performance based fees). Our advisory fee compensation is charged only as disclosed above (Item 5).

## **Item 7 – Types of Clients**

We provide our services to a number of Clients:

- Individuals, including high net worth individuals
- Pension and Profit Sharing Plans including Taft-Hartley plans
- Trusts, estates or charitable organizations
- Corporations or other business entities
- Not for profit entities

We seek portfolios with a minimum value of \$250,000. We may waive this minimum on a client by client basis.

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

### Analysis

In determining securities to purchase for your portfolio, we typically use:

- Financial newspapers and magazines
- Research materials provided by others
- Corporate rating services
- Annual reports, prospectuses and other filings with the Securities and Exchange Commission
- Company Press Releases
- Internet searches

Our investment philosophy is grounded in the fundamental assertion that capital markets reward investors over the long-term and that risk and return are related. Our first objective is to understand your needs, goals, values and financial situation to form a portfolio structure appropriate to your situation.

Our core beliefs in portfolio construction stem from the following principles:

1. Risk and Return are related.

Stocks have higher expected returns than fixed income securities. When looking at stocks, there are two additional risk and return factors:

- Small cap stocks have higher expected returns and so have higher risk than large cap stocks.
- Value stocks (those with high book to market ratios) have higher expected returns and so have higher risk than growth stocks (those with low book to market ratios).

## 2. Markets are efficient.

Current prices incorporate all available information and expectations and the market is the best approximation of value. Our fundamental belief is that consistently “timing” the market successfully is unlikely and is not suggested for the bulk of your assets. It is not our common practice to manage portfolios where timing in and out of the market, and/or specific positions is suggested. At your specific request we may consider some of these strategies on a limited basis.

## 3. Diversification is Key.

As a result of our belief that the market is efficient and that “timing” does not lead to consistent success, we believe that it is important to have a portfolio that is diversified. This is not only accomplished with an appropriate mix of small and large cap stocks, value and growth stocks and fixed income, but also by achieving multiple country exposure in these asset classes. Our portfolio structure is based on achieving global diversification and that asset allocation, not stock picking is important in determine your ultimate performance.

When appropriate, options trading strategies may also be employed. An option is a contract to buy (call option) or sell (put option) a specific financial product. Depending on the contract, options can protect or enhance a portfolio. Options contracts are complex securities and may not be suitable for all investors.

In certain instances margin accounts may also be utilized. A margin account allows an investor to buy securities with funds borrowed from a brokerage firm. The loan in the account is collateralized by the securities. If the value of the securities in a margin account drops the account holder will be required to deposit more cash or sell a portion of the securities. When using borrowed funds in a margin account, both gains and losses may be magnified. Margin accounts are not suitable for all investors.

### Risk of Loss

We believe that a concentration of individual securities may add risk. Our portfolio construction strives to achieve global diversification in equities, bonds and potentially additional alternative asset classes. The structure of your portfolio will, based on your objectives, be spread across securities invested in large cap stocks, small cap stocks, value stocks, growth stocks, alternative investments and fixed income.

All investments in securities include a risk of loss of your principal (investment amount) and any profits that have not been realized (the securities were not sold to “lock in” the profit). Stock and bond markets can fluctuate substantially over time. Performance of any investment is not guaranteed. As a result, there is a risk of the loss of the assets that we manage for you.

## **Item 9 – Disciplinary Information**

Our firm and each of our employees do not have any legal, financial or other “disciplinary” item to report to you. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate an advisory relationship, or to continue an advisory relationship with us.

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

Some of our employees also are life, health and annuity insurance licensed in the state of Ohio (resident) and hold non-resident licenses in Michigan and Indiana.

Mr. Klopfenstein, one of the firm’s members, is also the sole member of Klopfenstein Financial Group, LLC which was established in 2003 to receive income from insurance transactions. Mr. Klopfenstein serves as the Treasurer for a local corporation. The local corporation is not a public company and he does not receive compensation for his role. He also serves as the Vice President of a community college foundation board and is the Chairman of their finance committee. These are both unpaid positions.

The Chief Compliance Officer of our firm also acts as the Chief Compliance officer for other, unaffiliated registered investment advisers.

## **Item 11 – Code of Ethics**

We take great pride in our commitment to serving your needs and the integrity with which we conduct our business. In our recent history, the financial services industry has come under significant scrutiny, especially in the area of the inherent responsibility of financial professionals to behave in your best interests.

Pursuant to Rule 204A-1 under The Investment Advisers Act of 1940, we have developed a Code of Ethics as a means of memorializing our vision of appropriate and professional conduct in carrying out the business of providing investment advisory services. Our Code addresses issues such as:

- Standard of conduct and compliance with applicable laws, rules and regulations
- Protection of material non-public information
- Conflicts of Interest
- Employee disclosure and reporting of personal securities holdings and transactions
- The IPO (initial public offering) and Private Placement policy applicable to our employees
- Reporting violations of the Code
- Educating employees about the Code
- Enforcement of the Code

Our employees may trade for their own accounts in securities which are recommended to and /or purchased for you. Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employee will not interfere with making investment decisions in your best interest and implementing such decisions while, at the same time,

allowing employees to invest for their own accounts. Each employee must obtain preclearance in order to purchase certain securities (non-exempt securities) in their personal securities accounts. We may decide however to decline an employees' preclearance request if we believe it is in your best interest to do so.

Each of our employees has been furnished with a copy of our Code and signed a written acknowledgement attesting to their understanding of and acceptance of the Code. Our Code is comprehensive, is distributed to each employee at the time of hire, and annually thereafter. We also supplement the Code with annual training and quarterly on-going monitoring of employee activity.

You may request a complete copy of our Code by contacting us at the address, telephone or email on the cover page of this Part 2, Attn.: Chief Compliance Officer.

### **Political Contributions**

As of March, 1, 2010 restrictions were placed on the amount of political contributions that any employee of SIA may make. Quarterly each employee must provide to the Chief Compliance Officer information regarding whether or not a political contribution was made during the previous quarter.

## **Item 12 – Brokerage Practices**

### **Selecting/Recommending Broker-Dealers**

We may refer you to broker-dealers in order to place securities transactions in your account. In deciding to recommend certain broker-dealers or qualified custodians to you, we may consider the firm's financial strength, reputation, execution capability, pricing and other services.

In seeking best execution, the most important factor is not always the lowest possible cost, but whether the transaction represents best execution taking into consideration the full range of a broker-dealers service, including factors such as:

- execution capability,
- commission rates and
- responsiveness

We will always seek competitive pricing however we may not necessarily obtain the lowest possible commission rates for your account transactions.

We recommend that you use TD Ameritrade as the qualified custodian of your account assets. We participate in the institutional adviser program offered by TD Ameritrade Institutional which is a division of TD Ameritrade, Inc., member FINRA/SIPC/NFA, an unaffiliated SEC-registered broker-dealer and FINRA member. If you decide to open your custodial account with TD Ameritrade, you will enter into an account agreement directly with them. We do not open the custody account for you although we may assist you in opening the account. Even though your account is held at TD Ameritrade, we may use other brokers to execute trades for your account.

## **Research & Other Benefits**

For your accounts maintained at TD Ameritrade, you are generally not charged separately for custody services. TD Ameritrade is compensated by charging you commissions or other fees on trades that it executes or that settle into your TD Ameritrade accounts.

TD Ameritrade and other qualified custodians provide to us and you access to brokerage including trading, custody and related services which may not be available to its retail clients. TD Ameritrade also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services may include investment research, both TD Ameritrade's own and that of third parties such as economic surveys, data and analyses; financial publications; recommendations or other information about particular companies and industries. It may also include computer services and equipment, including hardware, software and data bases that provide lawful and appropriate assistance to us in making investment decisions. We may use this research to service all or a substantial number of your accounts, including accounts not maintained at TD Ameritrade.

## **Directed Brokerage**

You may direct us to use a particular broker-dealer (subject to our right to decline and/or terminate our investment management relationship) to execute some or all transactions in your account. If you direct us to use a particular broker-dealer you will negotiate terms and arrangements for your account with that broker-dealer and we will not seek best execution services or prices from other broker-dealers. We will also not be able to "batch" your transactions for execution through other broker-dealers with orders for other accounts managed by us. As a result, you may pay higher commissions or other transactions costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

## **Trade Allocation/Block Trading**

Transactions for your account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or "batch" such orders to obtain best execution or to negotiate more favorable transaction rates. To the extent that we elect to aggregate your order with other client orders for the purchase or sale of securities, including securities in which our employees may invest, we will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* We will not receive any additional compensation or remuneration as a result of the aggregation.

## **Principal Trading**

SIA does not engage in principal trading.

## **Cross transaction – Agency Cross Transactions**

SIA does not participant in client cross transactions.

## **Item 13 – Review of Accounts**

We select a fixed number of accounts, on a random basis, to review each quarter. The reviewer is a designee of the Chief Compliance Officer who will review selected accounts for best execution, suitability, and service. Our Chief Compliance Officer provides an additional layer of review at certain times during the year. Your objectives are used to review for suitability. Account positions (securities) are reviewed referencing your objectives for any security that may not fit your stated objectives, or our understanding of your objectives which will be flagged and reviewed with the individual placing the trade.

Events that may trigger further reviews of your account, in addition to the quarterly review process, may include a notable increase in the volume of requests by you to effect transactions in your account(s), where such transactions may appear to be inconsistent with your stated investment objectives. Other factors may include requests by you to liquidate certain securities positions/contracts where such transactions may appear to be inconsistent with your previously stated investment objectives. Additional triggering factors could be the performance on an individual account being an outlier to the performance of accounts with similar investment objectives, and a very important trigger would be any complaint by you. This last trigger would be a prime example of a trigger for an intermittent review of your account.

At least annually we will send to you a Portfolio Summary of your accounts.

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

We receive an economic benefit from TD Ameritrade in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at TD Ameritrade. These products and services, how they benefit us, and the related conflicts of interest are described above in Item 12. The availability of TD Ameritrade's products and services is not based on us giving particular investment advice, however we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits may include the following products and services which may be provided without cost to us or at a discount: receipt of duplicate statements and confirmations for your account(s) set up at TD Ameritrade, research related products and tools, consulting services; access to a trading desk, access to an options trading program; the ability to have our advisory fees deducted directly from your account(s); access to an electronic communications network for 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 us by 3<sup>rd</sup> party vendors.

TD Ameritrade may also have paid for business consulting and profession services received by us. Some of the products and services made available by TD Ameritrade may benefit us but may not benefit you. These products or services may assist us in managing and administering your accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business. The benefits we receive through participation in TD Ameritrade's program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duty to you, we must at all times put your interests first. Our receipt of economic benefits creates a

potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

If requested by you, we may recommend and/or engage the services of other professionals for implementation purposes. You are under no obligation to engage the services of any recommended professional.

We may enter into agreements with various independent solicitors that refer clients to us. We do not charge clients introduced by third-parties fees or costs greater than the fees or costs we charge our advisory clients who were not introduced by the third-party solicitors, and have similar portfolios under management with us.

## **Item 15 – Custody**

We do not have physical custody of your assets. We calculate your investment management fee, send that fee to the qualified custodian and with your written authorization the custodian debits our investment management fee from your custodial account.

We recommend qualified, independent custodians to you that are compatible with investment strategies selected by you.

You should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains your investment assets. The custodian's statement is the official record of your account and assets.

We urge you to carefully review such statements and compare such official custodial records to the portfolio statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

We may exercise discretion over:

- The specific securities to be bought or sold on your behalf,
- The amount of securities to be bought or sold on your behalf and
- The timing of the transaction.

We have authority to exercise our full discretion on the above named factors without restriction, based on the investment management agreement that we sign with you.

If done on a non-discretionary basis, we will make certain recommendations that must be authorized by you prior to placing our facilitation of any transactions that we may have recommended. We will observe any other specific limitations that may be imposed by the client in relation to this discretionary authority.

## **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

We do not have any authority to and do not vote proxies on your behalf. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. We may provide advice to you regarding the voting of your proxies.

## **Item 18 – Financial Information**

We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you and have not been subject of a bankruptcy proceeding.