



**Wealth Coaches**  
helping people experience abundant life

## **PART 2A OF FORM ADV – BROCHURE**

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**July 29, 2011**

This Brochure provides information about the qualifications and business practices of MKD Wealth Coaches. If you have any questions about the contents of this Brochure, please contact John Dankovich, our Chief Compliance Officer, at (248) 418-5100 or [john@mkdwealthcoach.com](mailto:john@mkdwealthcoach.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.

We are a registered investment adviser. Registration of an adviser does not imply any level of skill or training.

Additional information about us also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **SUMMARY OF MATERIAL CHANGES**

This Section is a new requirement under the “Amendments to Form ADV” which was published by the SEC on July 28, 2010. This Brochure dated July 29, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Brochure is materially different in structure and requires certain new information that we were not required to include in our previous brochure. We recommend that you read our entire Brochure.

In the future, this Section will discuss only specific material changes (including a summary of those changes) that we made to our Brochure since the last annual update of our Brochure. At that time, we will also reference the date of our last annual update of our Brochure.

In the past we offered to deliver or have delivered information about our qualifications and business practices to clients on at least an annual basis. As required by the new SEC rules, if you are a client, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide you with other ongoing disclosure information about material changes as necessary, including a new Brochure based on changes or new information, at any time, without charge.

Currently, you may request a copy of our Brochure by contacting John Dankovich, our Chief Compliance Officer, at (248) 418-5100 or [john@mkdwealthcoach.com](mailto:john@mkdwealthcoach.com).

Additional information about us is also available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any persons affiliated with us who are registered, or are required to be registered, as one of our investment adviser representatives of our firm.

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## **ADVISORY BUSINESS**

### **Our Owners and Principals**

We established our firm in December 2006. Joseph Mackey, Michael Komara and John Dankovich are our members and each own more than twenty-five percent (25%) of our firm's membership interests.

### **Our Advisory Services**

We are an investment adviser providing financial planning, consulting and investment management services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities. We offer our services on a fee basis, and depending on the type of service, we charge an asset based fee, hourly rate or fixed fee. Prior to engaging us to provide any investment advisory services, we will enter into one or more written agreements with you setting forth the terms and conditions under which we will provide our services.

#### ***Financial Planning Services***

We offer a broad range of comprehensive financial planning and consulting services, which may include non-investment related matters. We offer comprehensive and continuous financial planning, under which we may review your overall financial situation and provide recommendations covering retirement cash flow, tax, investment and estate planning, and risk management. If you desire financial planning on a more limited scope, we offer a variety of services, which may include providing you with a report and recommendations regarding asset allocations, estate planning or retirement planning.

As part of your financial plan, we may recommend other services we offer or the services of other professionals to implement our recommendations. While recommending our own services may present a conflict of interest, you are under no obligation to act upon any of our recommendations and you are not required to engage the services of any recommended professional, including us as an investment manager. You retain absolute discretion over all financial planning implementation decisions and may accept or reject any of our recommendations. It is your responsibility to notify us promptly if there is any change in your financial situation or investment objectives so that we may review, evaluate, or revise our previous recommendations and services.

#### ***Investment Management Services through our Sponsored Wrap Fee Program***

We offer a proprietary investment management service through our sponsored wrap fee program. A wrap fee program is an investment program where you would pay us, as the sponsor of the program, a single fee which covers the costs of investment management, brokerage, custody and any other services provided under the program.

We call our wrap fee program Responsive Investment Strategies<sup>®</sup> or RIS<sup>®</sup>. RIS<sup>®</sup> is a protect and advance philosophy designed to respond to changing markets with a sell side

discipline. We use technical and fundamental factors to maintain a focus on short-term, intermediate-term and long-term market direction. Our decisions are based on a disciplined, trend-following approach to rationally view the cyclical nature, patterns of returns and volatility of the financial markets. A more detailed description of RIS<sup>®</sup> and our fees can be found in our ADV Part 2A Supplement, also known as our Wrap Fee Brochure. You may obtain a copy of our Wrap Fee Brochure by contacting John Dankovich, our Chief Compliance Officer, at (248) 418-5100 or john@mkdwealthcoach.com.

### ***Investment Management Services for Retirement Plan Sponsors***

We offer discretionary investment management services to sponsors of employee benefit plans which are subject to the Employee Retirement Income Security Act of 1974, as amended, or ERISA. The plan sponsor hires us, and we offer model asset allocations through our 401(k)abilities program to the plan's participants, allowing participants to invest their assets in accordance with one of our five 401(k)abilities models, based upon the participant's personal financial goals. Plan participants complete a self-evaluation questionnaire, which suggests a particular 401(k)abilities model based on the responses. We then monitor the underlying investment options on an ongoing basis and change the investments and the model allocations as we deem necessary or appropriate.

### ***Other Investment Services***

We also may provide investment management services to you regarding: (1) annuity products, individual bonds and/or cash and equivalents that you may own; or (2) your individual employer-sponsored retirement plans. Typically when we provide these services, your assets are maintained either at the specific insurance company that issued you the variable life/annuity product, or at the custodian designated by you or your retirement plan's sponsor. When providing advice regarding your annuity products, individual bonds, cash and equivalents or retirement plan, we direct the allocation of your assets among the various mutual fund subdivisions that comprise these products or the retirement plan. For individual retirement accounts, we also offer our RIS<sup>®</sup> Retirement Equity and RIS<sup>®</sup> Retirement Fixed strategies.

We can also assist you with establishing and selecting investments for 529 qualified tuition plans.

### **Assets Under Management**

We manage client assets on both a discretionary and nondiscretionary basis, and as of December 31, 2010, we had \$162,900,000.00 in client assets managed on a discretionary basis and \$14,233,000 in client assets managed on a nondiscretionary basis.

## **FEES AND COMPENSATION**

### **Financial Planning Services Fee**

If you engage us to provide financial planning and consulting services, we charge you a fee for these services. Our financial planning and consulting fees are negotiable, but generally range from \$1,000 to \$50,000 on a fixed fee basis and from \$200 to \$500 on an hourly rate basis. The range of fees depends upon the level and scope of the services you desire and the professional rendering of financial planning or consulting services. We typically require you to pay one-half of the estimated hourly or fixed fee when the written agreement is signed. Generally, the balance is due upon delivery of the financial plan or completion of the agreed upon services. We may alter this payment schedule in our agreement.

You may terminate our agreement at any time by giving us written notice; we may terminate our agreement by providing you with written notice. In the event you terminate our financial planning or consulting services, we refund the balance of any unearned fees to you. If termination occurs within five (5) business days of entering into an agreement you are entitled to a full refund.

### **Investment Management Services through our Sponsored Wrap Fee Program**

Under our RIS<sup>®</sup> program, we charge one all-inclusive fee, which includes our investment management fee, trading costs, and custodial fees. If you are interested in RIS<sup>®</sup>, please review our Wrap Fee Brochure which includes additional information about this program. You may obtain a copy of our Wrap Fee Brochure by contacting John Dankovich, our Chief Compliance Officer, at (248) 418-5100 or john@mkdwealthcoach.com.

### **Investment Management Services for Retirement Plan Sponsors**

Generally, our fee schedule for our 401(k)abilities program is as follows:

<b><u>Participant's Plan Assets</u></b>	<b><u>Annual Fee</u></b>
\$0 - \$2,000,000	0.65%
\$2,000,001 - \$5,000,000	0.50%
\$5,000,001 - \$10,000,000	0.40%
\$10,000,001 - \$20,000,000	0.30%
Over \$20,000,000	Negotiable

Our fee is an annual fee based upon a percentage of the market value of the assets held in the plan. The annual fee is charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. If you begin our services on a day other than the first date of a calendar quarter, we prorate your fees for the first quarter.

Our fees for 401(k)abilities are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which you may incur. You may incur additional charges for services provided by custodians, brokers, and third-party investment managers. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are in addition to our fee. We do not receive any portion of these commissions, fees, and costs.

Our agreement with you continues until one of us terminates the agreement by providing the other party with written notice. We prorate our fees through the date of termination and we charge or refund you any outstanding balance, as appropriate, in a timely manner.

For additional information about 401(k)abilities or to receive the 401(k)abilities Brochure, please contact Michael J. Holtz, Director of Retirement Plan Services, at (248) 418-5100 or [mike.holtz@mkdwealthcoach.com](mailto:mike.holtz@mkdwealthcoach.com).

### **Other Investment Services Fees**

Our fee for our allocation and recommendations regarding your annuity products or for our RIS<sup>®</sup> Retirement Equity and RIS<sup>®</sup> Retirement Fixed strategies is generally as follows:

<b>\$0-1m</b>	<b>\$1-2m</b>	<b>\$2-5m</b>	<b>\$5-10m</b>	<b>\$10m+</b>
<b>First \$1m</b>	<b>Next \$1m</b>	<b>Next \$3m</b>	<b>Next \$5m</b>	
1.00%	0.80%	0.60%	0.25%	0.20%

Our fee for our 529 college savings plans is generally as follows:

<b>\$0-500k</b>	<b>\$500k-1m</b>	<b>\$1-5m</b>	<b>\$5m+</b>
0.50%	0.40%	0.30%	0.20%

Our annual fee for accounts that are strictly income instruments, such as individual bonds, or cash and equivalents is generally as follows:

	<b>\$0-1m</b>	<b>\$1-2m</b>	<b>\$2-5m</b>	<b>\$5-10m</b>	<b>\$10m+</b>
	<b>First \$1m</b>	<b>Next \$1m</b>	<b>Next \$3m</b>	<b>Next \$5m</b>	
Income Instruments	1.00%	0.80%	0.70%	0.60%	0.40%
Cash & Equivalents	0.65%	0.45%	0.35%	0.25%	0.15%

For these investment services, we charge our fee quarterly, in advance, based upon a percentage of the market value of the assets in your account(s) under our management. We prorate the fee for your initial quarter starting the day your assets are designated for our management. Our fee varies depending upon the investment strategy and market value of the assets under management. We reserve the right to waive our advisory fees on Cash &

Equivalent accounts, in our discretion. Our fees for these strategies are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which you may incur. You may incur additional charges for services provided by custodians, brokers, and third-party investment managers.

For these services, we may either bill your account already under our management or directly invoice you. Our billing method will be specified in the financial planning agreement signed by you. Our agreement with you continues until one of us terminates the agreement by providing the other party with written notice. We prorate our fees through the date of termination and we charge or refund you any outstanding balance, as appropriate, in a timely manner.

### **Additional Information on Fees and Services**

We reserve the right to negotiate our fees, which may be higher or lower than those described in this Brochure. Whether or not we negotiate fees, the fees we will charge you will be set forth in your investment management agreement

Unless you are utilizing our RIS® program, our fees do not include brokerage commissions, transaction fees, and other related costs and expenses incurred in connection with providing investment advisory services to you. Mutual funds and ETFs also charge internal management fees, which are disclosed in the fund's prospectus. Such charges, fees and commissions are in addition to our fee.

You may make additions to and withdrawals from your account at any time. Additions may be in cash or securities provided that we reserve the right to liquidate any transferred securities, or decline to accept particular securities into your account. If you deposit assets into or withdraw assets from an account after the beginning of a quarter, since we bill our fees at the beginning of the quarter, we do not adjust or prorate our fee for that quarter based upon your addition or withdrawal of assets. You may withdraw assets from your account by contacting us and we will provide the appropriate paperwork required by the custodian to initiate a withdrawal. Any withdrawal is subject to the custodian's usual and customary securities settlement procedures.

We design our portfolios as long-term investments and asset withdrawals may impair the achievement of your investment objectives. We may consult with you about your options and ramifications of transferring securities. You should be aware that when transferred securities are liquidated, you may incur transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or taxes. You are responsible for any transaction costs or fees, or taxes due in connection with the liquidation of investment positions to facilitate cash or asset withdrawals.

Generally, our clients authorize us under the investment management agreement to direct your custodian to deduct our fees directly from their account. If you provide us such authorization, the custodian's periodic statements will show each fee deduction from your



account. You may withdraw this authorization for direct billing of these fees at any time by notifying your custodian or us in writing.

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets).

### **TYPES OF CLIENTS**

We are an investment adviser providing financial planning, consulting and investment management services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

To open accounts with us, we require you to place a minimum of \$500,000 of assets in your aggregate portfolios under our management. Also, as detailed in our Wrap Fee Brochure, we impose certain conditions for opening or maintaining an account in our RIS® program. We may waive our minimum asset requirements, in our sole discretion, under certain circumstances.

We do not impose any additional conditions for our financial planning or other services.

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

#### **Methods of Analysis**

We primarily utilize technical analysis to evaluate potential investments. Unlike fundamental analysis, technical analysis does not analyze the company's value, but instead analyzes the stock's price movement in the market. Charting is a form of technical analysis in which the various technical factors are diagrammed in order to illustrate patterns. Technical analysis studies the supply and demand in the market in an attempt to determine what direction, or trend, will continue in the future. However, there are risks involved with this method, including the risk that the trends will change unpredictably, which is why we use a combination of methods and obtain information from a variety of sources.

We also employ fundamental analysis as supporting and supplemental data in evaluating potential investments. Fundamental analysis is a technique that attempts to determine a security's value by focusing on the economic well-being of a financial entity as opposed to only its price movements. When conducting fundamental analysis, we may review various documents, annual reports, SEC filings, and company press releases for factors including, but not limited to, whether the company's revenue is growing, if the company is profitable, if the company is in a strong enough position to beat its competitors in the future, and if the company is able to repay its debts. Because it can take a long time for a company's value to be reflected in the market, the risk associated with this method of analysis is that a gain is not realized until the stock's market price rises to the company's true value.

We obtain information from a number of sources, both public and by purchase, including financial newspapers and magazines, inspections of corporate activities, research materials prepared by third-parties, timing services, corporate rating services, annual reports, prospectuses and filings with the SEC, company press releases, and information from a client's Independent Manager (when applicable). We believe these resources for information are reliable and regularly depend on these resources for making our investment decisions; however, we are not responsible for the accuracy or completeness of this information.

### **Investment Strategies**

We use a variety of investment strategies depending on your circumstances and needs. We may recommend implementing one or more of the following investment strategies: long-term purchases (held at least a year), short term purchases (held less than a year), trading (held less than 30 days), margin transactions (purchase of a security on credit extended by a securities company), and option writing (selling an option).

We may recommend implementing these strategies using stocks, bonds, mutual funds (held directly or held within variable annuities or life insurance products), exchange traded funds municipal securities, options contracts, futures contracts and other types of investments. We often recommend mutual funds of different kinds to promote portfolio diversification within various asset classes, such as industry sectors, domestic/international, or equities/bonds. We may recommend periodic purchases, sales, and exchanges of those mutual fund shares within mutual fund families and between different mutual fund families when there are changes in your financial needs, market conditions, or economic developments.

### **Types of Investments and Risk of Loss**

You should be prepared to bear the risk of loss when you invest in securities. Obtaining higher rates of return on investments typically entails accepting higher levels of risk. We will work with you to attempt to identify the balance of risks and rewards that is appropriate and comfortable for you. However, it is still your responsibility to ask questions if you do not understand fully the risks associated with any investment or investment strategy.

Also, while we strive to render our best judgment on your behalf, many economic and market variables beyond our control can affect the performance of your investments and we cannot assure you that your investments will be profitable or that no losses will occur in your investment portfolio. Past performance is one consideration with respect to any investment or investment advisor, but it is not a predictor of future performance.

We offer advice about a wide variety of investment types, including mutual funds, index funds, ETFs, corporate debt, government and municipal securities, fixed and variable annuities, option contracts on securities, futures, and interests in partnerships investing in real estate and oil and gas investments, each having different types and levels of risk. We will discuss these risks with you in determining the investment objectives that will guide our investment advice for your

account. We will explain and answer any questions you have about these kinds of investments, which present special considerations such as the following.

***Mutual Funds, Index Funds and Exchange Traded Funds.***

Mutual funds and ETFs typically charge their shareholders various advisory fees and expenses associated with the establishment and operation of the funds. These fees will generally include a management fee, shareholder servicing, other fund expenses, and sometimes a distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge. These separate fees and expenses are disclosed in each fund's current prospectus, which is available from the fund or we can provide it to you upon request.

Consequently, for any type of fund investment, it is important for you to understand that you are paying two levels of advisory fees and expenses: one layer of fees and expenses is paid at the fund level and one layer of advisory fees is paid to us. In addition, many mutual funds pay shareholder servicing fees (12b-1 fees) to brokerage firms and their registered representatives in consideration of their services to the fund's shareholders. Also, we primarily recommend "no-load" mutual funds, which do not have a commission or sales charge because the shares are distributed directly by the investment company, instead of going through a secondary party. Generally speaking, most mutual funds may be purchased directly, without using our services and without incurring our advisory fees.

***Variable Annuities***

Variable annuities are highly complex financial products offered by insurance companies. Investment in a variable annuity contract is subject to both general market risk and the insurance company's credit risk. These and other risks are described in the variable annuities' prospectuses. Variable annuities are regulated under both securities and insurance laws and related rules and regulations. Variable annuities offer various benefits and features which may or may not have value to you depending on your circumstances, which we can discuss with you.

**DISCIPLINARY INFORMATION**

As a registered investment adviser, we must disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our management. We have no legal or disciplinary events to disclose.

**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

We are a licensed insurance agency. Our principals Messrs. Mackey, Komara and Dankovich are licensed insurance agents, in their individual capacities, and may recommend the purchase of certain insurance products. A conflict of interest exists to the extent that we recommend the purchase of insurance products where our principals receive insurance commissions or other additional compensation. However, to mitigate this conflict, if you decide to implement our recommendation to purchase insurance products you are not required to

purchase insurance through our principals and you may purchase insurance products through another insurance agency of your choice.

In December 2010, Fidelity Brokerage Services, LLC, a registered broker-dealer, loaned money to our firm. While this may create a conflict of interest when we recommend Fidelity Management Trust Company to you as the custodian for your account, we are still subject to our duty of best execution as described in the “**BROKERAGE PRACTICES**” section beginning on page 10. Also, as set forth in that section, you are not required to use Fidelity Management Trust Company and you may direct us to use another broker-dealer or qualified custodian for your account.

Mr. Dankovich is a licensed practicing attorney. Mr. Dankovich maintains a limited legal practice, separate and distinct from our firm. No portion of our services to you constitutes legal advice. Rather, you should consult with and seek the advice of your own attorney.

### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

We have adopted a code of ethics establishing standards of conduct for our firm and the persons associated with us which we call associated persons. Our code requires that our associated persons comply with applicable securities laws. In accordance with Section 204A of the Advisers Act, our code contains written policies reasonably designed to prevent the unlawful use of material non-public information by us or any of our associated persons. Our Code also requires that certain of our personnel who have access to confidential client information report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Our associated persons may buy or sell securities for our own accounts, otherwise known as proprietary accounts, that we also recommend to you and other clients consistent with our policies and procedures. There may be many similarities in portfolio holdings among these proprietary accounts and your accounts. While this may create a conflict of interest, generally, orders for your account and our proprietary accounts are aggregated or “batched” into one large order in accordance with our trade aggregation and allocation policy described in more detail in the “**Aggregation of Orders**” section beginning on page 11. Aggregated orders may achieve better execution for all participating accounts and we fairly allocate those benefits among all participating accounts, which mitigates any potential conflict.

Also, when we are purchasing or selling or considering for purchase or sale any security on behalf of a client that is not part of an aggregated order, an access person cannot purchase or sell that same security before we complete purchase or until a decision has been made not to purchase or sell such security for our clients. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by

mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

You may request a copy of our code by contacting John Dankovich, our Chief Compliance Officer, at (248) 418-5100 or [john@mkdwealthcoach.com](mailto:john@mkdwealthcoach.com).

## **BROKERAGE PRACTICES**

### **Directed Brokerage & Soft Dollars**

Unless you participate in our wrap fee program, we do not require you to use a specified broker-dealer. Clients in our wrap fee program will be required to use Fidelity as the custodian.

Although we will not require that you use a specified broker-dealer, we have established brokerage relationships with and may recommend that you use Fidelity Management Trust Company for brokerage and custodial services. When we select and recommend custodians or any other broker, we consider, not only the broker's commission rate and execution capabilities, financial responsibility and responsiveness to instructions, but also the full range of services provided by the broker, including research and custodial services. Accordingly, you may pay commissions in excess of those which another broker may charge for transactional services alone, in recognition of the additional services we receive from our recommended custodians. However, our recommended custodians enable us to obtain many mutual funds without transaction charges and other securities at nominal transaction charges.

We must determine in good faith that the amount of any commission paid is reasonable in relation to the value of the brokerage and research services provided, viewed in terms either of a particular transaction or our overall responsibilities with respect to accounts as to which we exercise investment discretion. We must also determine that any services we receive provide lawful and appropriate assistance in the performance of our investment decision-making responsibilities. Consistent with the foregoing, while we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client transactions.

We have not and do not intend to enter into any contractual third-party soft-dollar arrangements, such as where we commit to place a specific level of brokerage with a specific firm in return for which the brokerage firm will pay for various research related products or services for us, such as Bloomberg terminals or other communications links or services, computer hardware or software, investment publication subscriptions or other research related products or services that are generally available for cash purchase. However, Fidelity may provide us with various investment research products or services to assist us in our investment advisory process.

Fidelity also makes available to us other products and services that may benefit us, but which may not benefit you. These types of services will help us in managing and administering your accounts. These include software and other technology that provide access to your account data such as trade confirmations and account statements; facilitate trade executions; provide

research, pricing information, and other market data; facilitate in the payment of our fees from your account; and assist with back-office functions, record-keeping, and client reporting. Many of these services may be used to service all or a substantial number of our accounts. Such research and execution related services are offered to investment advisors who utilize Fidelity. However, the commissions charged by Fidelity may be higher than those charged by a broker who does not provide the aforementioned research and execution related services.

In fulfilling our duties to you, we endeavor at all times to put the interests of our clients first. You should be aware, however, that our receipt of economic benefits from our custodians or another broker-dealer creates a conflict of interest and may influence our choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, services or compensation.

To mitigate this conflict, unless you are a participant in our RIS® program, you may direct us, in writing, to utilize a specified broker-dealer of your choice to effect transactions for or with your account. Subject to our duty of best execution, we may decline your request to direct brokerage if, in our sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

If you choose to direct your brokerage, you should understand that, in the case of such a directed brokerage arrangement:

- you are solely responsible for negotiating the terms and arrangements on which those brokers and dealers are engaged, and we will have no responsibility for reviewing the fairness of those terms and arrangements;
- we will not seek better execution services or prices from other brokers and dealers in connection with transactions for your account;
- we will not be able to “batch” or “aggregate” transactions for your account with transactions for our other clients not subject to a similar such arrangement;
- we will not monitor the performance of or the services provided by the brokers and dealers so designated; and
- as a result, you 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.

We may seek better execution services or prices from other brokers or dealers or “batch” your transactions for execution if such action is required by law or fiduciary duties, including but not limited to, the fiduciary duty provisions under ERISA, or if the designated broker or dealer is unable or unwilling to effect a particular transaction or transactions, which may occur with certain transactions involving fixed-income securities.

### **Aggregation of Orders**

From time to time, and only where appropriate, we may aggregate orders for securities transactions for more than one client and, in appropriate circumstances, include proprietary

accounts. In doing so, we strive to treat each client fairly and will not favor one client or a proprietary account over another client. When executed, we will allocate the aggregated order in accordance with policies and procedures intended to achieve fair treatment. The purpose of aggregating orders is for our administrative convenience and, in some transactions, to obtain better execution for the aggregated order than might be achieved by processing each of the transactions separately.

We will not aggregate orders for a client having a directed brokerage relationship with a client who does not have a directed brokerage relationship with the same broker-dealer. A consequence of not aggregating your order with other orders for the same securities is that you may not obtain as good a price or as low a cost in a separate transaction as clients whose orders have been aggregated.

Each account that participates in an aggregated order will participate at the average share price for all transactions ordered by our firm in that security on a given business day. If permitted by the broker-dealer effecting the transaction, transaction costs will be shared on a pro rata basis. Some broker-dealers charge brokerage commissions to each participating client in accordance with the size of that client's part of the aggregated order, regardless of the total size of the aggregated order. If an aggregated order is not filled in its entirety, it will be allocated among participating accounts on a pro rata basis.

## **REVIEW OF ACCOUNTS**

### **Reviews**

The frequency and triggering factors for internal account reviews depend upon the services we provide to a client. Our investment adviser representatives conduct our client reviews.

We review investments in our RIS<sup>®</sup> Strategies or recommended mutual funds on an ongoing basis, and conduct a more formal review at least quarterly. We recommend changes to holdings in your account as we deem necessary or appropriate. If you are an investment management client, we monitor your investments in your accounts on an ongoing basis and conduct regular account reviews at least annually. If you are a financial planning or consulting client, we conduct reviews on an agreed upon basis.

We encourage you to discuss your financial needs, goals and objectives with us and to keep us informed of any changes. We contact our ongoing investment advisory clients at least annually to review our previous services and make any necessary recommendations, as well as discuss the impact resulting from any changes in the client's financial situation and investment objectives.

### **Reports**

If you are a financial planning or consulting client, we provide a written report and recommendations to you at the completion of a project. As described in the section titled

“CUSTODY” beginning on page 13, if you are an investment management client, you will receive confirmations of your purchases and sales and statements from your broker-dealer or custodian containing account information such as account value, transactions, and other relevant account information.

### **CLIENT REFERRALS AND OTHER COMPENSATION**

We must disclose any economic benefits we or our investment advisory representatives receive for providing investment advice and other services to you. As described in the “**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**” section beginning on page 8, we are a licensed insurance agency and may receive commissions when our principals, as licensed insurance agents, sell insurance products to you. As we described above, while this may create a conflict of interest, we mitigate this conflict by not requiring you to purchase such securities products or life insurance through our affiliated agencies or representatives, and you may purchase the products from another broker-dealer or insurance agency.

We must also inform you if we or a related person directly or indirectly compensate a third-party for referring clients to us. From time to time, we may engage solicitors to market our services. If we do so, you will receive a separate solicitor’s disclosure brochure describing our solicitation arrangements, the compensation we pay to the solicitor, and the terms of that relationship. You will also receive a copy of this Brochure.

### **CUSTODY**

You will receive statements from the broker-dealer, bank or other qualified custodian that holds and maintains your investment assets at least quarterly. We urge you to carefully review such statements and compare such official custodial records to account statements that we may provide to you, if any.

### **INVESTMENT DISCRETION**

We generally receive discretionary authority in writing from you at the outset of our advisory relationship in the Agreement. Discretionary authority grants us the ability to determine, without obtaining your specific consent, the securities to be bought or sold for your portfolio, the amount of securities to be bought or sold, and in most cases, the broker or dealer to be used and the commission rate to be paid. You may establish written investment guidelines and restrictions to limit our discretionary authority in relation to your accounts. In all cases, we exercise such discretion consistent with your investment policies, limitations and restrictions, account size and risk tolerance.

Also, you will likely sign an agreement with your custodian which generally includes a limited power of attorney granting us authority to direct and implement the investment and reinvestment of your assets within the account, but not direct the assets outside of your custodial account.



### **VOTING CLIENT SECURITIES**

As a matter of firm policy and practice, we will not be responsible for responding to proxies solicited with respect to annual or special meetings of shareholders of securities held in your account. If you are an ERISA plan, the plan fiduciary of your account expressly retains the authority and responsibility for voting any proxies and we are expressly precluded from voting your proxies. We forward all proxy solicitation materials to you for response and voting.

### **FINANCIAL INFORMATION**

As a registered investment adviser, we must provide you with certain financial information or disclosures about our financial condition if we have financial commitments that impair our ability to meet contractual and fiduciary commitments to you. We have not been the subject of a bankruptcy proceeding and do not have any financial commitments that would impair our ability to meet any contractual or fiduciary commitments to you.

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