

## Item 1 – Cover Page

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This brochure provides information about the qualifications and investment advisory business practices of Global Vision Advisors LLC. If you have any questions about the contents of this brochure please contact us at (781) 740-8883. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Global Vision Advisors, LLC's investment advisory business is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information on this website by searching for Global Vision Advisors, LLC's name or by using the firm's CRD numbers: 145200.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Regulators recently made changes to the disclosure document that we provide to clients as required by applicable rules and regulations. This Disclosure Brochure, dated March 2011, is a new document prepared according to the new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous Form ADV Part II and Schedule F did not require. In the future, this item will discuss only specific material changes that are made to the Disclosure Brochure and provide readers with a summary of such changes. It will also reference the date of the last annual update of the brochure.

In the past we have offered or delivered information about our firm's qualifications and business practices to clients on at least an annual basis. Pursuant to new rules, we will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer a copy of the most current Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

### **Ownership**

Global Vision Advisors LLC (“Advisor” or “we”) is an investment advisor registered with the Securities and Exchange Commission since December 2009. We are a limited liability company formed under the laws of the State of Massachusetts and our members (owners) are Thomas P. Holland and Matthew P. Havens.

### **General Description of Primary Advisory Services**

We offer financial planning services, asset management services and referrals to third party money managers. The following are brief descriptions of our primary services. A detailed description is provided in **Item 5, Fees and Compensation**, so that clients and prospective clients (“client” or “you”) can review the services and description of fees more thoroughly.

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

Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning and other areas. The role of a financial planner is to find ways to help clients understand their overall financial situation and help them set financial objectives.

We offer advisory services in the form of written comprehensive and segmented (modular) financial plans and ongoing services. These services do not involve actively managing client accounts. Instead, comprehensive planning services focus on a client’s overall financial situation. Modular planning services focus on specific areas of client concern.

Consultation services can be on topics of interest to clients, including non-investment related matters. We also offer on-going consulting services as well as consultations on retirement plans.

#### ***Asset Management Services***

We offer investment management services providing clients with continuous and on-going supervision over their accounts. This means that we continuously monitor a client’s account and make trades in that account when necessary.

#### ***Referrals to Third Party Money Managers***

We offer advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary.

### **Specialization**

We specialize in helping clients understand the application of alternative investments.

### **Limits Advice to Certain Types of Investments**

We provide investment advice on the following types of investments:

- Exchange-listed securities and securities traded over-the-counter

- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable annuities and life insurance
- Mutual fund shares
- United States government securities
- Option contracts on securities
- Interests in partnerships investing in real estate and oil and gas interests
- Managed Futures
- Hedge Funds

We may recommend that you utilize independent, third party money managers to manage a portion of your assets. Therefore, we could be deemed to be providing advice with respect to other investment managers.

Although we generally limit our advice to the investment products previously listed, we reserve the right to offer advice on any investment that may be suitable for each client's specific circumstances, needs, goals and objectives. Please see **Item 5, Fees and Compensation**, and **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss**, for additional information

#### **Tailor Advisor Services to Individual Needs of Clients**

Our services are always provided based on the specific needs of the individual client. Clients are given the ability to impose restrictions on their accounts, including specific investment selections and sectors. However, we will not enter into an investment advisor relationship with a client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

#### **Wrap-Fee Program versus Portfolio Management Program**

In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services and transaction services are provided for one fee. We do not act as a portfolio manager of or sponsor wrap fee programs.

#### **Client Assets Managed by Advisor**

The amount of client assets managed by us totaled \$51,064,186 as of December 31, 2010, with \$45,351,464 managed on a discretionary basis and \$5,712,721 managed on a non-discretionary basis.

### **Item 5 – Fees and Compensation**

In addition to the information provided in **Item 4, Advisory Business**, this section provides details regarding our services along with descriptions of each service's fees and compensation arrangements.

#### **Financial Planning Services**

##### ***Financial Plans***

We offer financial planning services in the form of written or oral financial plans that can be either comprehensive or segmented. Our investment advisor representatives ("representatives") meet with you

to gather information and documentation needed to perform an analysis and review of your situation as well as your objectives and goals. One or more meetings may be required in order to gather all needed information and determine the services best suited to help meet your needs. We rely on the information provided by you. Therefore, it is very important that the information you provide is complete and accurate. We are not responsible for verifying the information supplied by you. Our services do not include legal or tax advice. You are also urged to work closely with your attorney, accountant or other professionals regarding your financial and personal situation. You are also requested to promptly notify us if there is ever a change in your financial situation or investment objectives so that we can evaluate and revise our previous recommendations or services if needed.

Our comprehensive financial planning services are called the Wealth Optimization Process and include the following phases:

- Discovery profile
- Discovery phase
- Creative solutions phase
- Strategy development/implementation phase
- Results sustainability phase

We can also review your overall financial situation and provide recommendations covering retirement cash flow, tax planning, investment planning, estate planning and risk management.

Our limited scope (segmented) financial planning services can include:

- Providing a written family wealth index stress test
- Providing a written analysis of your current investment portfolio and recommendations
- Providing a risk management analysis (including life insurance, disability and/or long term care)
- Providing a written estate planning summary and recommendations
- Preparing a written update of your existing financial plan

A comprehensive plan focuses on your overall financial situation and covers several of the areas previously noted, as needed by your specific situation. A limited (segmented) plan focuses only on one or more specific area(s) of concern to you, and you should be aware that other important issues may not be taken into consideration when our representatives develop their analyses and recommendations.

### ***Consultations***

You may also contract with us for consultations on any topic(s) of interest to you. Together you and our representatives determine whether consultations require more than one meeting, but you have the final determination as to the actual length of the consultation services.

### ***Fees***

Financial planning services (plans and consultations) are provided on either a fixed fee or hourly fee basis. Hourly fees are only offered when the scope and timing are unable to be determined upfront. Fixed fees range from \$1,000 to \$50,000 while hourly fees range from \$200 to \$500 per hour. We disclose the fees to you before any services are provided. All fees are negotiable depending upon the actual services requested, the complexity of your situation and the representative providing the services. The fee is due at the time the client agreement is signed.

### ***Termination***

Either party may terminate the agreement for services at any time by providing written notice to the other. Termination is effective immediately. If termination occurs within 5 business days of entering into the agreement, services are terminated without penalty and you receive a full refund of all prepaid fees. After

5 business days, we charge on a prorated basis for our time expended to the date termination is effective. Fixed fees are prorated based on the percentage of the plan completed. We provide you with a billing statement detailing the prorated refund due to you.

### ***Ongoing Services***

You may also contract with us for ongoing consultation. Ongoing services can include consultations on any topic or topics of interest to you, and there are no limits to the number of in-person or telephone visits with our representatives. Services can also include a review and update of a previously prepared financial plan.

Ongoing services are for a 12 month period and are renewed automatically each year on the anniversary date of signing the original client agreement, unless sooner terminated by either party. If the services or the fees change at the anniversary date, a new client agreement is required. There is a minimum fee of \$1,500 per year, and fees are negotiable based on the complexity of the anticipated services to be provided and the complexity of your situation. Fees are disclosed to you prior to any services being provided. Fees are billed quarterly in advance and due upon receipt of our billing statement. Services beginning mid-quarter are billed on a prorated basis for the partial quarter.

Either party may terminate the agreement for services at any time by providing written notice to the other. Termination is effective immediately. If termination occurs within 5 business days of entering into the agreement, services are terminated without penalty. Fees are charged on prorated basis and calculated based on the number of days that services were provided in the quarter. We provide you with a billing statement detailing the prorated refund due to you.

### ***Retirement Plan Consultations***

We also offer consultation services relative to your individual employer-sponsored retirement plans. In so doing, we recommend allocating your assets among the various mutual fund subdivisions that comprise the variable life/annuity product or the retirement plan. Your assets are maintained at the custodian designated by the sponsor of your retirement plan. We do not manage these assets and we do not implement transactions in these accounts. If you wish to follow our recommendations, you are responsible for implementing any transactions required.

Fees for this service are charged based on the value of the portfolio reviewed with a maximum of 1% charged. Fees are negotiable based on the size of the portfolio being reviewed as well as any related advisory accounts, and are disclosed to you before any services are provided. Fees are due upon receipt of our billing statement.

Either party may terminate the agreement for services at any time by providing written notice to the other. Termination is effective immediately. If termination occurs within 5 business days of entering into the agreement, services are terminated without penalty. Fees are charged on prorated basis and calculated based on the number of days that services were provided in the quarter. We provide you with a billing statement detailing the prorated refund due to you.

### ***Newsletter***

We provide a free monthly newsletter to clients articulating our personal views of the economy and markets. No personalized or customized advice is given and no investment recommendations are made. Prospective clients can also receive this newsletter by request.

### **Asset Management Services**

We offer asset management services, including giving continuous investment advice and/or making investments for you based on your individual needs, goals and objectives. We offer a customized and



individualized investment program, and our representatives meet with you to determine your investment objectives, risk tolerances and appropriate asset mixes.

We offer two investment models: Diversified Opportunities Strategy Core and Income. Portfolios are focused on diversifying among managers or strategies that have different ways of looking at capital markets to find opportunities for capturing return, generating income, and/or preserving principle. Portfolios can include publicly traded mutual funds, Exchange Traded Funds (ETFs) or stocks. Many of the mutual funds and ETFs use derivatives including futures, options and swap contracts within their respective strategies. We primarily allocate your investment management assets among mutual funds and ETFs, although we reserve the right to utilize any investment product suitable for your specific needs. The Diversified Opportunity Strategy Core is offered a core investment for investors that have a long time horizon. We offer satellite investments that compliment the core and help match our client's objectives, preferences, time horizon and risk tolerance. The Diversified Opportunity Strategy Income is similar to the Core portfolio but has a heavier concentration in income producing investments and is appropriate for investors with a shorter time horizon and income need.

We are granted trading authorization on your accounts and provide management services on a discretionary basis only. This means we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before making any transactions. You must provide us with written authorization to exercise this discretionary authority and can place reasonable restrictions and limitations on the authority and portfolio holdings. See **Item 16, Investment Discretion**, for additional discussion on discretionary authority.

We recommend that your assets be maintained in an account with National Financial Services, LLC ("NFS"), a division Fidelity Brokerage Services LLC (Fidelity), an SEC registered broker/dealer and member NYSE/SIPC. See **Item 12, Brokerage Practices**, for additional discussion on our recommendation and use of NFS. However, you are free to select any account custodian you wish. We assist you in establishing a managed account through NFS or another qualified custodian that you select. The qualified account custodian maintains custody of your funds and securities. We do not act as custodian and will never have direct access to your funds and securities except to have advisory fees deducted from your account with your prior written authorization.

We charge for asset management services based on a percentage of assets under management. Fees are billed quarterly in advance and calculated based on the fair market value of the account as of the end of the previous quarter. Annual fees range from 0.5% to 1.75%.

Your management agreement indicates fees are charged as follows:

<u>Account Value</u>	<u>Annual Fee</u>
\$100,000 to \$1,999,999	1.0%
\$2,000,000 to \$3,499,999	0.80%
\$3,500,000 to \$4,999,999	0.75%
\$5,000,000 and above	Negotiable

All fees are negotiable based on the anticipated future earnings, current and anticipated additional assets deposited, related accounts, portfolio composition, history and relationship with you, account retention, pro bono activities. We always disclose the fee charge to you before we provide any services. If an agreement for services is executed mid-period, the initial fee is prorated based on the number of days services were provided during the first billing period

You can make additions to and withdrawals from your account at any time, subject to our right to terminate an account. Additions can 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. We may consult with you about the options and ramifications of transferring securities. However, you are advised

that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets is not adjusted or prorated based on the number of days remaining in the quarter. You may withdraw account assets upon notice to us, subject to the usual and customary securities settlement procedures. Securities generally take three business days to settle. We design portfolios as long-term investments and asset withdrawals may impair the ability to achieve your investment objectives.

Fees are deducted from your account, and you must provide the custodian with written authorization to have the fees deducted and paid to us. At least quarterly, the custodian sends you a statement showing all disbursements from the account, including advisory fees deducted.

NFS does not charge separately for maintaining custody of your accounts, although other custodians may. All custodians may charge brokerage commissions and/or transaction fees directly to you. We do not receive any portion of the commission or fees from either the custodian or from you. In addition, you may incur certain charges imposed by third parties other than us in connection with investments made through your account, including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges and IRA and qualified retirement plan fees. Our management fees are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each security prospectus.

Either party can terminate services at any time by providing written notice to the other. Termination is effective 30 days after receiving notice, unless another date is agreed to by the parties. If services are terminated within five business days of signing the agreement, services are terminated without penalty. During the time before termination becomes effective, we will continue to provide transactions or services on any work already in progress but will not begin any additional services unless specifically requested by you. Fees are prorated to the effective date of termination and we provide you with a billing statement detailing the refund due to you.

### **Referrals to Third Party Money Managers**

We act as a solicitor and may refer you to unaffiliated third party investment advisors offering asset management and other investment advisory services. We perform due diligence in selecting the third party money managers recommended. When recommending third party investment advisors, we consider your stated investment objective(s) and the manager's management style, performance, reputation, financial strength, reporting, pricing and research. Third-party investment advisors recommended by us must be registered or exempt from registration in the state where you client reside. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

Through this service, we assist you to identify your risk tolerance and investment objectives and then recommend money managers relative to those objectives and tolerances. You select a recommended third party investment advisor based on your needs and enter into an agreement directly with the selected advisor, who provides the asset management services. Our representatives are available to answer questions regarding your account. Our representatives also act as the communication conduit between you and the third-party investment advisors.

Third party managed programs generally have account minimum requirements and these minimum requirements vary from investment advisor to investment advisor. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the third party investment advisor's services, fee schedules and account minimums are disclosed in the third party investment advisor's Disclosure Brochure that is provided to you at the time an agreement for services is

executed and an account established. The type and frequency of reports provided to you also depends on the third party investment advisor selected.

Third-party investment advisors may take discretionary authority to determine the securities to be purchased and sold for your account. We do not have any discretionary authority and are not responsible for selecting investments or implementing trades in your accounts. We are responsible for determining the initial and on-going suitability and also for maintaining your current information.

When referring clients to third party money managers, we are paid a portion of the fee charged and collected by the third party investment advisor in the form of solicitor fees or consulting fees. You do not directly pay us for this referral service and our solicitor/referral fee does not appear as a direct cost to you. However, the third party money manager takes our solicitor/referral fee into consideration when determining the total fee charged to you. The third party money manager also considers other factors when determining the fee, such as the amount of assets under management and the number of client accounts.

While we review the performance of numerous third-party investment advisor firms, we have entered into a relationship with and only recommend CMG, Hanlon, Brinker Capital, SEI. The actual fee charged to you varies depending on the third party investment advisor selected, but generally ranges from 1% to 3% per year. Our fee is adjusted to meet the following fee schedule:

<u>Account Value</u>	<u>Annual Fee</u>
\$100,000 to \$1,999,999	1.0%
\$2,000,000 to \$3,499,999	0.80%
\$3,500,000 to \$4,999,999	0.75%
\$5,000,000 and above	Negotiable

All fees are calculated and collected by the selected third party investment advisor and that investment advisor is responsible for paying our portion of the fee to us.

You are advised that our representatives may have a conflict of interest by only offering those third party investment advisors that have agreed to pay a portion of their advisory fee to us. You are advised that there may be other third party managed programs that may be suitable to you and that may be more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

### **Additional Compensation**

You have sole discretion about whether or not to contract for our services. In addition, you have sole discretion about whether or not to implement any recommendations made by our representatives. If you do decide to implement recommendations, you are responsible for taking any actions or implementing any transactions required. You are free to select any broker/dealer and/or insurance agent to implement our recommendations.

You should be aware that our representatives are also registered representatives of Cambridge Investment Research, Inc., a registered broker/dealer and member of FINRA/SIPC. In this separate capacity, they can receive a commission for selling securities products. This is a potential conflict of interest. As a registered representative, they may sell mutual funds and receive 12(b)-1 fees in addition to commissions. The 12(b)-1 fees, named after a section of the *Investment Company Act of 1940*, are annual marketing or distribution fees and considered an operational or administrative expense. The fees are included as a part of the mutual fund's total expense ratio and paid from fund assets. Therefore, the fees come indirectly from your account. Every mutual fund prospectus includes a description of the fund's fees and expenses. Receiving 12(b)-1 fees represents an incentive for a registered representative to recommend funds with 12(b)-1 fees or with higher 12(b)-1 fees than funds with no fees or lower fees.

This is also a potential conflict of interest. Our representatives will only recommend mutual funds to you if those funds are suitable for you and appropriate to help fulfill your objectives.

In addition, our representatives may also be independently licensed as insurance agents and sell insurance products to any client. The representatives can earn commissions when selling insurance products in this separate capacity. This is a potential conflict of interest, since any commissions earned could be in addition to advisory fees earned in their capacity as an investment advisor representative.

Please see **Item 10, Other Financial Activities and Affiliations**, and **Item 12, Brokerage Practices**, for additional discussion on these conflicts of interest.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. Both we and our representatives endeavor at all times to put your interests first as a part of our fiduciary duty. However, you should be aware that receiving additional compensation through nominal sales awards, expense reimbursements, etc. creates a conflict of interest that may impact the judgment of our representatives when making advisory recommendations.

### **Comparable Services**

We believe our fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. We do not receive performance-based fees.

## **Item 7 – Types of Clients**

We provide investment advice to the following types of clients:

- Individuals (including high-net worth individuals)
- Pension and profit sharing plans
- Trusts, estates or charitable organizations
- Corporations or business entities other than those listed above

### **Minimum Investment Amounts Required**

There is a \$1,500 per year minimum fee for on-going consultation services.

Third party managed programs generally have account minimum requirements and these minimum requirements vary from investment advisor to investment advisor. Account minimums are generally higher on fixed income accounts than equity based account.

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

### **Methods of Analysis**

We consider fundamental, technical and charting analysis when evaluating investment strategies and recommendations for clients.

#### ***Fundamental***

Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, fundamental analysts try to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, “brand” names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

#### ***Technical***

This method of evaluating securities analyzes statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

#### ***Charting***

Charting is a technical analysis that charts the patterns of stocks, bonds and commodities to help determine buy and sell recommendations for clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto graphs in order to predict future price movements. A graphical historical record assists the analyst in spotting the effect of key events on a security's price, its performance over a period of time and whether it is trading near its high, near its low or in between. Chartists believe that recurring patterns of trading, commonly referred to as indicators, can help them forecast future price movements.

### **Primary Method of Analysis or Strategy**

Our primary role in investment management is analyzing and selecting money managers who employ either technical or fundamental approaches in their investment strategies. We seek to combine management strategies that have low relative correlation to one another to reduce the volatility in our clients' investment experience.

The methodology that we use can be referred to as multi-asset, multi-style, multi manager. We refer to our approach as Diversification of Process.

In analyzing management strategies we consider the five “p”s: process, philosophy, people, performance and price.

Each manager that we use has different levels and types of risk. The most common risk is that frequency of transactions can lead to higher internal expenses detracting from potential returns. Some of our strategies allow for the use of leverage and/or derivatives that allow the managers to invest in the upward or downward price movement of various securities. This can mean that when general market prices are moving higher a manager could experience negative performance and clients can lose money.

See also, **Item 5, Fees and Compensation**, for additional discussion on our strategy and analysis methods when managing assets.

### **Investment Strategies**

When implementing investment advice, our investment strategies include long term purchases (securities held at least a year and short term purchases (securities sold within a year).

We gather information from numerous publications and services including financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectus and other filings with the Securities and Exchange Commission and company press releases.

### **Risk of Loss**

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. However, you should be aware that past performance of any security is not necessarily indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved. Further, depending on the different types of investments, there may be varying degrees of risk:

- **Market Risk.** Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- **Equity (Stock) Market Risk.** Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- **Company Risk.** There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- **Options Risk.** Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.
- **Fixed Income Risk.** Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of

periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

- ETF and Mutual Fund Risk. ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.
- Management Risk. Your investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.

### **Primary Recommend One Type of Security**

We do not recommend any specific security to clients. Instead, we recommend any product that may be suitable for each client relative to their specific circumstances and needs.

### **Item 9 – Disciplinary Information**

We have no legal or disciplinary events that are material to your evaluation of our business or the integrity of our management. Therefore, this item is not applicable to our Disclosure Brochure.

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

We do not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
- A investment adviser or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- Accountant or accounting firm
- An insurance company or agency
- A lawyer or law firm
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships

We are an independent registered investment advisor and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment advisor representatives with us.

## **Securities Sales**

Our representatives are also registered representatives of Cambridge Investment Research, Inc. You can engage them in this separate capacity to render securities brokerage services under a commission arrangement. Our representatives may have a financial incentive to recommend that a financial plan be implemented using a certain product or service. This is a conflict of interest because they could receive commissions in their capacity as a registered representative and could also receive advisory fees in their capacity as an investment advisor representative.

You are under no obligation to use the services of our representatives in this separate capacity or to use Cambridge Investment Research, Inc. and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use Cambridge Investment Research, Inc. Prior to effecting any transactions, you are required to enter into a new account agreement with Cambridge Investment Research, Inc. The commissions charged by Cambridge Investment Research, Inc. may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

## **Insurance Sales**

Some of our representatives are also independently licensed to sell insurance products through various insurance companies. When acting in this capacity, they may receive fees or commissions for selling these products. You are under no obligation to direct insurance transactions to insurance companies with which our representatives may be licensed. Suitable insurance and investment products may be available from other companies.

## **Third-Party Money Managers**

As described in **Item 5, Fees and Compensation**, we have formed relationships with independent, third-party money managers.

We may recommend clients work directly with third-party money managers. When we refer clients to a third party money manager, we receive a portion of the fee charged by the third party money manager. Therefore, we have a conflict of interest because we only recommend third party money managers that agree to compensate us by paying us a portion of the fees billed to your account managed by the third party money manager.

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

### **Code of Ethics**

Section 204A-1 of the *Investment Advisers Act of 1940* requires all investment advisors to establish, maintain and enforce a Code of Ethics. An investment advisor is considered a fiduciary according to the *Investment Advisers Act of 1940*. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of its clients at all times. We have a fiduciary duty to all clients and have established a Code of Ethics that applies to all of our associated persons. Our Code contains policies and procedures that ensure that all personal securities trading by our associated are conducted in a manner to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. We prohibit personal trading on certain securities or instruments; we require pre-clearance before purchasing an initial public offering



(IPO) or a new issue private placement; we require periodic reporting of associated persons' personal securities transactions and holdings; and we require prompt internal reporting of Code violations.

Some of our representatives are also Certified Financial Planners<sup>™</sup> (CFP<sup>®</sup>) and also abide by the Code of Ethics and Responsibility Code of the Certified Financial Planner<sup>™</sup> Board of Standards, Inc. The Code of Ethics and Responsibility Code requires CFP<sup>®</sup> designees to not only comply with all applicable laws and regulations but to also act in an ethical and professional responsible manner in all professional services and activities. The principles guiding CFP<sup>®</sup> designees are:

- Integrity
- Objectivity
- Competence (in providing services and maintaining knowledge and skills to do so)
- Fairness (to clients, principals, partners and employers and disclosing any conflicts of interest in providing services)
- Confidentiality (keeping all client information confidential without the specific client consent unless in response to legal process or in defense of charges of wrongdoing or civil dispute)
- Professionalism
- Diligence

You can obtain a copy of the Code of Ethics and Responsibility Code by requesting a copy from u

### **Participation in Client Transactions and Personal Trading**

We may buy or sell securities or have an interest or position in a security for our personal accounts that is also recommend to clients. We are and will continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. As these situations may represent a potential conflict of interest, we have developed written supervisory procedures that include personal investment and trading policies for representatives, employees and their immediate family members (collectively, associated persons). These procedures were distributed to all associated persons, and the associated persons acknowledged they have read, understand and agree to abide by our policies and procedures. The policies include:

- Associated persons cannot prefer their own interests to that of the client
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry
- We maintain a list of all securities holdings for the firm and all associated persons; this list is reviewed on a regular basis by our Chief Compliance Officer

Any associated persons not observing our policies, or violating any applicable state and federal advisory practice regulations, is subject to sanctions up to and including termination.

## **Item 12 – Brokerage Practices**

### **Cambridge Investment Research, Inc.**

If you elect to implement our advice, you are free to select any broker you wish. If you elect to have our representatives implement the advice in their capacity as registered representative then our representatives' broker/dealer, Cambridge Investment Research, Inc. ("Cambridge") is used.

Not all investment advisors require the use of a particular broker/dealer. Some investment advisors allow their clients to pick which broker/dealer the client uses. However, in order to provide efficient services and based on the arrangement with Cambridge, we require the use of Cambridge when opening an account through our programs. We are limited in the broker/dealer or custodians we are allowed to use due to our relationship with Cambridge. Cambridge may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

Because our representatives are registered representatives of Cambridge, they are required to use the services of Cambridge and Cambridge's approved clearing broker/dealers when acting in their capacity as registered representatives. Cambridge serves as the introducing broker/dealer. All accounts established through Cambridge are cleared and held through National Financial Services, LLC ("NFS"). Cambridge has a wide range of approved securities products for which it performs due diligence prior to selection. Cambridge's registered representatives are required to adhere to these products when implementing securities transactions through Cambridge. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. Because our representatives are also registered representatives of Cambridge, Cambridge provides compliance and supervision support to our representatives. In addition, Cambridge provides our representatives, and therefore us, with back-office operational, technology and other administrative support.

Economic benefits are provided to us by Cambridge that are not provided if you select another broker/dealer or account custodian. These benefits may include:

- Negotiated costs for transaction implementation
- A dedicated trade desk that services Cambridge participants exclusively
- A dedicated service group and an account services manager dedicated to our accounts
- Access to a real-time order matching system
- Electronic download of trades, balances and position information
- Access, for a fee, to an electronic interface with the account custodian's software
- Duplicate and batched client statements, confirmations and year-end reports

### **Best Execution**

We must use reasonable diligence to make certain that best execution is obtained for clients when implementing any transactions. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions surrounding the transaction execution is in the best interests of clients. When considering best execution, our associated persons look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with existing systems of the advisor, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered. We perform periodic reviews to determine that the relationship with Cambridge and NFS are still in the best interests of clients.

## **Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client is made whole and we absorb any resulting loss if the error was caused by us. If the error is caused by the broker-dealer, the broker-dealer is responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain remains in the client's account unless the same error involved other client account(s) that should also receive the gains. It is not permissible for all clients to retain the gain. We may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons). We never benefit or profit from trade errors.

## **Block Trades**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading, or block trading and may be used when we believe such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions are averaged as to price and are allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation or remuneration as a result of blocking trades.

## **Item 13 – Review of Accounts**

### **Account Reviews**

Financial planning and consultation services terminate upon presentation of the plan or completion of the consultations and so no reviews are conducted. We recommend you have your financial situation reviewed and updated at least annually. If you elect such a review and update, a new client agreement is required and additional fees are charged. If you contract for ongoing consultation services, that review and update can be included in the services provided.

Managed accounts are reviewed at least quarterly. Accounts at third party money managers are also reviewed at least quarterly, usually when copies of account statements are received.

Our representatives review their own accounts. While the calendar is the main triggering factor, reviews may also be performed due to your specific request, a change in your circumstances or unusual market activity or economic conditions. Absent specific instruction from you, accounts are reviewed for continued suitability, accuracy of holdings and to ensure the portfolios continue to work toward each your goals and objectives.

## **Account Reports**

You receive transaction confirmation notices and account statements at least quarterly directly from the broker/dealer or custodian for your accounts.

If you contract for financial planning accounts, you receive the financial plan originally contracted for. In addition, at your specific request, we provide a report summarizing our final analysis and conclusions relative to the financial planning services provided.

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

We do not directly or indirectly compensate anyone for client referrals to us.

Please see **Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations** and **Item 12, Brokerage Practices**, for additional discussion about solicitor/referral fees from third party managers, other compensation and non-economic benefits.

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. We are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. Our procedures do **not** result in our maintaining custody of client funds and securities.

For accounts where we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

## **Item 16 – Investment Discretion**

In addition to having trading authority on your accounts, we may implement trades on a discretionary basis with your written authorization. This means we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority.

When discretionary authority is granted, it is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account and paid to us by the account custodian. Any fee deduction is done pursuant to your prior written authorization provided to the account custodian. You have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. You may also place reasonable limitations on the discretionary power granted to us so long as the limitations are specifically set forth or included as an attachment to the client agreement.

**If** management services are provided on a non-discretionary basis, we always contact you before implementing any transactions in an account. You must accept or reject our investment recommendations, including (1) the security being recommended, (2) the number of shares or units and (3) whether to buy or sell. Once these factors are agreed upon, we are responsible for making decisions regarding the timing of the purchase or sale and the price at which it is bought or sold. You should know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of implementing trades and we may not achieve the optimal trading price.

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

We do not vote proxies on your behalf. You are instructed to read through the information provided with the proxy-voting documents and to make a determination based on the information provided. You have the ultimate responsibility for making all proxy-voting decisions

### **Item 18 – Financial Information**

This item is not applicable to our brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

### **Class Action Lawsuits**

You retain the right under the applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for you. We do not initiate such a legal proceeding on your behalf and do not provide legal advice to you regarding potential causes of action against such a security issuer and whether you should join a class-action lawsuit. We recommend that you seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Moreover, our services do not include monitoring or informing you of any potential or actual class-action lawsuits against the issuers of the securities that were held, purchased or sold by or for you.