



THE POWER of INDEPENDENCE

# Excel Financial LLC

## Client Brochure

*This brochure provides information about the qualifications and business practices of Excel Financial LLC. If you have any questions about the contents of this brochure, please contact us at (651) 388-6441 or by email at: [info@excelfinancialonline.com](mailto:info@excelfinancialonline.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Excel Financial LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Excel Financial LLC's CRD number is: 145301*

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*Registration does not imply a certain level of skill or training.*

Version Date: 3/17/2011

## **Item 2: Material Changes**

Excel Financial LLC has not yet filed an annual updating amendment using the ADV Form 2A. Therefore there are no material changes to report.

## Item 3: Table of Contents

### Table of Contents

Item 2: Material Changes .....	i
Item 3: Table of Contents.....	ii
Item 4: Advisory Business.....	1
A. Description of the Advisory Firm .....	1
B. Types of Advisory Services .....	1
Investment Supervisory Services.....	1
Retirement Plan Administration .....	2
Selection of Other Advisors .....	2
Financial Planning.....	2
Services Limited to Specific Types of Investments .....	2
C. Client Tailored Services and Client Imposed Restrictions .....	2
D. Wrap Fee Programs .....	3
E. Amounts Under Management .....	3
Item 5: Fees and Compensation .....	4
A. Fee Schedule .....	4
Investment Supervisory Services Fees .....	4
Retirement Plan Administration Fees .....	4
Selection of Other Advisors Fees .....	5
Financial Planning Fees .....	5
Fixed Fees .....	5
Hourly Fees .....	6
B. Payment of Fees .....	6
Payment of Investment Supervisory Fees .....	6
Payment of Financial Planning Fees .....	6
C. Clients Are Responsible For Third Party Fees .....	6
D. Prepayment of Fees .....	6
E. Outside Compensation For the Sale of Securities to Clients .....	6
Item 6: Performance-Based Fees and Side-By-Side Management .....	6
Item 7: Types of Clients .....	7
Minimum Account Size.....	7
Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss .....	7
A. Methods of Analysis and Investment Strategies.....	7
Methods of Analysis .....	7
Fundamental analysis.....	7
Cyclical analysis .....	8

Investment Strategies.....	8
B. Material Risks Involved .....	8
Methods of Analysis .....	8
Fundamental analysis.....	8
Cyclical analysis .....	8
Investment Strategies.....	8
C. Risks of Specific Securities Utilized.....	8
Item 9: Disciplinary Information.....	8
Item 10: Other Financial Industry Activities and Affiliations.....	9
A. Registration as a Broker/Dealer or Broker/Dealer Representative .....	9
B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.....	9
C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests .....	9
D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections .....	9
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	10
A. Code of Ethics .....	10
B. Recommendations Involving Material Financial Interests.....	10
C. Investing Personal Money in the Same Securities as Clients .....	10
D. Trading Securities At/ Around the Same Time as Clients' Securities .....	10
Item 12: Brokerage Practices.....	10
A. Factors Used to Select Custodians and/or Broker/Dealers.....	10
1. Research and Other Soft-Dollar Benefits.....	11
2. Brokerage for Client Referrals.....	11
3. Clients Directing Which Broker/Dealer/Custodian to Use .....	11
B. Aggregating (Block) Trading for Multiple Client Accounts .....	11
Item 13: Reviews of Accounts.....	11
A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews .....	11
B. Factors That Will Trigger a Non-Periodic Review of Client Accounts .....	12
C. Content and Frequency of Regular Reports Provided to Clients.....	12
Item 14: Client Referrals and Other Compensation.....	12
A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes) .....	12
B. Compensation to Non -Advisory Personnel for Client Referrals .....	12
Item 15: Custody.....	12
Item 16: Investment Discretion .....	12
Item 17: Voting Client Securities (Proxy Voting) .....	13
Item 18: Financial Information .....	13
A. Balance Sheet.....	13
B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients.....	13
C. Bankruptcy Petitions in Previous Ten Years .....	13
Item 19: Requirements For State Registered Advisers .....	13

A.	Principal Executive Officers and Management Persons; Their Formal Education and Business Background .....	13
B.	Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any) .....	13
C.	How Performance Based Fees are Calculated and Degree of Risk to Clients .....	14
D.	Material Disciplinary Disclosures for Management Persons of this Firm .....	14
E.	Material Relationships That Management Persons Have With Issuers of Securities (If Any) .....	14

## Item 4: Advisory Business

### A. Description of the Advisory Firm

This firm has been in business since January 1, 2008, and the principal owners are James Scott Loquai and Thomas Raymond Loquai.

### B. Types of Advisory Services

Excel Financial LLC (hereinafter "Excel") offers the following services to advisory clients:

#### *Investment Supervisory Services*

Excel offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Excel creates an Investment Policy Statement for each client. The Investment Policy Statement outlines the client's current situation (i.e. income, tax levels, risk tolerance levels, etc.) and includes a plan to aid in the selection and management of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

Excel evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Excel will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Excel will typically create a portfolio of no-load mutual funds, and may use model portfolios if the models match the client's investment policy. Excel will allocate the client's assets among various instruments taking into consideration the overall management style selected by the client. Excel primarily recommends portfolios consisting of mutual funds offered by Dimensional Fund Advisors (DFA). DFA sponsored mutual funds follow a passive asset class investment philosophy with low holdings turnover. Consequently the DFA fund fees are generally lower than fees and expenses charged by other types of funds. Client portfolios may also, although rarely, include some individual equity and/or debt securities. Excel manages portfolios on a discretionary and nondiscretionary basis.

### ***Retirement Plan Administration***

Excel also offers retirement plan services. These services may be provided for a fee based on a percentage of plan assets, but are normally provided for a fixed fee consisting of a fixed base fee and a per participant fee. The total fee is calculated quarterly and billed in arrears using the participant count and total plan assets as of the last day of the preceeding quarter. To determine the quarterly fee, an annual fee is determined and then divided by four.

### ***Selection of Other Advisors***

Excel may direct clients to the third party money manager, Symmetry Partners (SP). Excel will be compensated via a fee share from SP to which it directs those clients. This relationship will be disclosed in each contract between Excel and SP. The fees shared will not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, Excel will always ensure those other advisors are properly licensed or registered as an investment advisor.

### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. These services are based on fixed fees or hourly fees and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

### ***Services Limited to Specific Types of Investments***

Excel limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, third party money managers, REITs, insurance products including annuities and government securities. Excel may use other securities as well to help diversify a portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

Excel offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (i.e. income, tax levels, risk tolerance levels, etc.) and is used to construct a client specific plan to aid in the selection and management of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Excel from properly servicing the client account, or if the restrictions would require Excel to deviate from its recommended suite of services, Excel reserves the right to end the relationship.

#### **D. Wrap Fee Programs**

Excel does not participate in any wrap fee programs.

#### **E. Amounts Under Management**

Excel has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$34,859,688.00	\$4,474,382.00	12/31/2010



## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Standard individual investment supervisory services fees are as follows:

Total Assets Under Management	Annual Fee
\$1 - \$99,999	1.19%
\$100,000 - \$499,999	1.15%
\$500,000 - \$999,999	0.90%
\$1,000,000 - \$1,999,999	0.70%
\$2,000,000 and Above	0.50%

The fee is charged from the first dollar. This is not a scaled fee schedule. For example, assets of \$1,000,000 will be charge a standard fee of 0.70% on the entire amount.

These fees are negotiable and may be modified from time to time based on changes in service requirements, assets under management and other factors. If and when a change is planned, IA documents the proposed change in a revised advisory services contract and reviews the proposed change with the Client as part of a scheduled review meeting. IA does not automatically adjust the fee based on changes in account value. If a new fee is determined, it is not applied until it is documented in a new advisory services contract, discussed with the Client, and the new advisory services contract is approved and signed by the Client and IA.

Fees are paid quarterly in arrears, and clients may terminate their contracts with thirty days' written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

#### *Retirement Plan Administration Fees*

Standard retirement plan investment advisory services fees include the following three components:

1. Base Fee – This is a fixed fee covering plan committee advisory services and may range from \$4,000 to \$8,000 per year depending on plan requirements.
2. Participant Fee – This is a fixed fee covering plan participant advisory services and may range from \$0 to \$200 per participant per year depending on the plan configuration and participant advisory support requirements.
3. Investment Management Fee – This is fee for investment management services. It is charged based on total plan assets and may range from 0.00% to 0.20% of total plan assets (AUM) depending on plan configuration and requirements.

The total fee is determined by adding the individual fee components applicable to the plan for each billing period.

These services may also be offered on an AUM-only basis with fees typically ranging from 0.40% to 0.50%.

Fees are paid quarterly in arrears.

### ***Selection of Other Advisors Fees***

Excel may direct clients to the third party money manager, Symmetry Partners (SP). Excel will be compensated via a fee share from SP to which it directs those clients. This relationship will be disclosed in each contract between Excel and SP. The fees shared will not exceed any limit imposed by any regulatory agency. The fee schedule is as follows:

<b>AUM</b>	<b>This RIA's Split</b>	<b>Third Party's Split</b>
\$1 - \$1,000,000	0.50%	0.50%
\$1,000,001 - \$3,000,000	0.50%	0.45%
\$3,000,001 - \$5,000,000	0.50%	0.40%
Above \$5,000,000	Negotiable	Negotiable

In addition to the fees noted above, SP also charges a custodial fee. For accounts valued under \$100,000, the custodial fee is 0.24% or a minimum of \$75 annually. For accounts valued at \$100,000 and above, the custodial fee is 0.20% or a maximum of \$500 annually.

Fees are paid quarterly in arrears, and clients may terminate their contracts with ten days' written notice. Because fees are charged in arrears, no refund is necessary.

### ***Financial Planning Fees***

#### ***Fixed Fees***

Depending upon the complexity of the situation and the needs of the client, the rate for creating client financial plans is between \$500 and \$4,000. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

### ***Hourly Fees***

The standard hourly fee for financial planning and investment supervisory services is \$150. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

### **B. Payment of Fees**

#### ***Payment of Investment Supervisory Fees***

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in arrears.

Advisory fees may also be invoiced and billed directly to the client quarterly in arrears. Clients may select their desired billing method.

#### ***Payment of Financial Planning Fees***

Hourly Financial Planning fees are paid via check in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

Fixed Financial Planning fees are paid via check in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

### **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Excel. Please see Item 12 of this brochure regarding broker/custodian.

### **D. Prepayment of Fees**

Excel collects its fees in arrears. It does not collect fees in advance.

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither Excel nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

Excel does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

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## Item 7: Types of Clients

Excel generally provides investment advice and/or management supervisory services to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

### ***Minimum Account Size***

There is an account minimum, \$100,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

Excel uses investment and portfolio allocations based on statistical models and statistical research to evaluate alternative portfolio designs. Excel evaluates the client's existing investments with respect to the client's investment policy statement. Excel works with new clients to develop a plan to transition from the client's existing portfolio to the desired portfolio. Excel then monitors the client's portfolio holdings and the overall asset allocation strategy and holds regular review meetings with the client regarding the account as necessary.

Excel typically creates a portfolio of no-load mutual funds (meaning no commissions are paid), and may use model portfolios if the models match the client's investment policy. Excel allocates the client's assets among various instruments taking into consideration the overall management style selected by the client. Excel primarily recommends portfolios consisting of mutual funds offered by Dimensional Fund Advisors (DFA). DFA mutual funds follow a passive asset class investment philosophy with low holdings turnover. Consequently the DFA fund fees are generally lower than fees and expenses charged by other types of funds. Client portfolios may also, although rarely, include some individual equity and debt securities.

In select cases based on specific client requests for a particular asset management strategy, Excel may engage in other forms of methods of analysis including fundamental analysis and cyclical analysis.

***Fundamental analysis*** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

*Cyclical analysis* involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

### ***Investment Strategies***

Excel uses long term and short term trading strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### ***Methods of Analysis***

*Fundamental analysis* concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

*Cyclical analysis* assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

### ***Investment Strategies***

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading generally holds greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

Excel generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither Excel nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither Excel nor its representatives are registered as a FCM, CPO, or CTA.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

James Crandell Long is a member of the CPA firm Moran & Long, LLC which provides accounting and tax services. James Crandell Long is also the chief executive officer of Red Wing Software, Inc. From time to time, he will offer clients advice or products as part of those activities. However, such advice and products are related to those services and do not involve investment advice or financial planning advice or products. Excel always acts in the best interest of the client.

John Patrick Moran is the owner and member of the CPA firm, Moran & Long LLC. From time to time, he will offer clients advice or products as part of those activities. However, such advice and products are related to those services and do not involve investment advice or financial planning advice or products. Excel always acts in the best interest of the client.

James Scott Loquai is a business consultant of S2Tech, Inc. From time to time, he will offer clients advice or products as part of those activities. However, such advice and products are related to those services and do not involve investment advice or financial planning advice or products. Mr. Loquai is also a licensed insurance agent. In that capacity, he may from time to time offer insurance products or advice regarding insurance products as part of financial planning or investment supervisory services. Such products may offer compensation in the form of commissions and thus create a conflict of interest. Excel always acts in the best interest of the client.

### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

Excel may direct clients to the third party money manager, Symmetry Partners (SP). Excel will be compensated via a fee share from SP to which it directs those clients. This relationship will be disclosed in each contract between Excel and SP. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that Excel has an incentive to direct clients to the third party money managers that provide Excel with a larger fee split. Excel will always act in the best interests of the client, including when determining which third party manager to recommend to clients.

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

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

### **B. Recommendations Involving Material Financial Interests**

Excel does not recommend that clients buy or sell any security in which a related person to Excel has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of Excel may buy or sell securities for themselves that they also recommend to clients. Excel will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of Excel may buy or sell securities for themselves at or around the same time as clients. Excel will not trade non-mutual fund or non-ETF securities 5 days prior to or 5 days after trading the same security for clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodians were chosen based on their relatively low transaction fees and access to mutual funds and ETFs. Excel does not charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

The custodians that we use include the following:

- TD Ameritrade Institutional – Individual Account Custody
- TD Ameritrade Trust – Retirement Plan Trust Services
- MG Trust – Retirement Plan Trust Services
- Monumental Life – Advisor-Directed Variable Annuities



Excel also supports 529 college savings accounts that are held at The Hartford (Smart 529) and Am. Funds (College America) and a small number of accounts that are held directly by fund companies (including Vanguard and American Funds).

### ***1. Research and Other Soft-Dollar Benefits***

Excel receives no research, product, or service other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits"). Excel receives research, products, or services other from its broker-dealer or another third-party in connection with client securities transactions ("soft dollar benefits"). There is no minimum client number or dollar number that Excel must meet in order to receive free research from the custodian or broker/dealer. There is no incentive for Excel to direct clients to this particular broker-dealer over other broker-dealers who offer the same services. The first consideration when recommending broker/dealers to clients is best execution.

### ***2. Brokerage for Client Referrals***

Excel receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

Excel will not allow clients to direct Excel to use a specific broker-dealer to execute transactions. Clients must use Excel recommended custodian (broker-dealer). Not all investment advisers require their clients to direct brokerage. By requiring clients to use our specific custodian, Excel may be unable to achieve most favorable execution of client transactions and this may cost clients money over using a lower-cost custodian.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

Excel maintains the ability to block trade purchases across accounts but will rarely do so. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least annually by James Loquai, Thomas Loquai, John Loquai, John Moran, and James Long. They are the chief advisors and are instructed to review each client's accounts with regards to their investment policies and risk tolerance levels. All accounts at Excel are assigned to these reviewers.



All financial planning accounts are reviewed upon financial plan creation and plan delivery by James Loquai, Thomas Loquai, John Loquai, John Moran, and James Long.

#### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

#### **C. Content and Frequency of Regular Reports Provided to Clients**

Clients receiving investment supervisory services from Excel will receive a written report detailing the client's account(s) at least quarterly. This report may come from the custodian.

Clients receiving financial planning services from Excel will receive a one-time financial plan. After the presentation of the plan, there are no further reports. Clients may request additional plans or updated plans or reports for a fee.

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

#### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Excel does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Excel clients.

#### **B. Compensation to Non –Advisory Personnel for Client Referrals**

Excel does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

Excel does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the custodians. Clients will receive account statements from the custodian and should carefully review those statements.

### **Item 16: Investment Discretion**

For those client accounts where Excel provides ongoing supervision, Excel maintains limited power of authority over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced.

## **Item 17: Voting Client Securities (Proxy Voting)**

Excel will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Excel does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither Excel nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

Excel has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

Excel currently has two management persons/executive officers; James Scott Loquai and Thomas Raymond Loquai. Their education and business backgrounds can be found on the Supplemental ADV Part 2B forms.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

James Scott Loquai, James Long, and John Moran's other business activities can be found on the Supplemental ADV Part 2B forms.

**C. How Performance Based Fees are Calculated and Degree of Risk to Clients**

Excel does not accept performance-based fees or other fees based on a share of capital gains or capital appreciation of the assets of a client.

**D. Material Disciplinary Disclosures for Management Persons of this Firm**

No management person at Excel has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

**E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither Excel, nor its management persons, has any relationship or arrangement with issuers of securities.