

**Item 1 – Cover Page**

**Bazis & Young Investment Group LLC**

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Omaha, NE 68154

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[www.bazisyounwealthplan.com](http://www.bazisyounwealthplan.com)

Date of Brochure: January 2012

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This brochure provides information about the qualifications and business practices of Bazis & Young Investment Group LLC. If you have any questions about the contents of this brochure, please contact Duane R. Bazis Jr. at (402) 965-3565. 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 Bazis & Young Investment Group LLC is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view firm information on this website by searching for Bazis & Young Investment Group LLC's name or by searching using the firm's CRD number: 148605.

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

## **Item 2 – Material Changes**

There have been no material changes to this disclosure brochure since filing our last annual update. We will ensure that you receive a summary of material changes, if any, 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, if any, 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**

Bazis & Young Investment Group LLC (“Advisor” or “we”) is an investment advisor registered with the Securities and Exchange Commission since October 31, 2008. It is a limited liability company formed under the laws of the State of Nebraska and solely owned by Duane R. Bazis.

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

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

#### ***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 planning services in the form of comprehensive and modular (segmented) financial plans. These services do not involve actively managing client accounts. Instead, comprehensive planning services focus on a client’s overall financial situation. Modular planning services and consultations (both one-time and on-going) focus on specific areas of client concern.

In addition, we offer consultation services on a variety of topics of interest or concern to clients.

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

We offer provide 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. We manage assets using both traditional and wrap-fee programs.

#### ***Use of 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.

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

We provide investment advice on the following types of investments:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities

- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Option contracts on securities and commodities
- Futures contracts on tangibles and intangibles
- Interests in partnerships investing in real estate, oil and gas interests

We reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives. Please refer to **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** for more information.

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

Our services are always provided based on your specific needs. You have the ability to impose restrictions on your accounts, including specific investment selections and sectors. However, we will not enter into an investment advisor relationship with a prospective 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.

### **Participation in Wrap Fee Programs**

We provide asset management services through both traditional programs and wrap-fee programs. 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. From a management perspective, there is not a fundamental difference in the way we manage traditional management accounts versus wrap-fee management accounts. The only significant difference is the way in which transaction services are paid.

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

The amount of clients assets managed by Advisor totaled \$43,950,156 as of December 31, 2011, with \$40,036,257 managed on a discretionary basis and \$3,913,899 managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

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

### **Financial Planning**

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

We offer financial planning and consulting services to that can be comprehensive and focus on your overall financial goals and objectives or can be modular and focus on your specific needs or areas of concern. Our objective is to coordinate the advice provided so that your goals are prioritized, organized, tax managed and working together to fit your risk and long term performance expectations.

We collect information and documentation from you that is necessary to perform the requested financial planning services. We rely on the information provided by you. Therefore, it is important the information you provide is complete and accurate. Neither we nor our investment advisor representatives

("representatives") are responsible for verifying the information you provide. In addition, if authorized by you, we gather information or documentation from your other professionals and are expressly authorized to rely on that information provided. We may work together with tax professionals, estate planning professionals, and investment professionals to formulate your plan. We urge you to work closely with your attorney, accountant or other professionals regarding your financial and personal situation.

Typically, we provide comprehensive and modular financial planning services for a fixed fee ranging from \$1,000 to \$15,000. Fees are based on the level and scope of services requested (including expectations, goals and preferences), the complexity of your financial situation and your relationship and history with us. You may also request that we bill for our services at the rate of \$240 per hour. Fees are billed in advance and due at the time the client agreement is signed. If an hourly fee is charged, we provide you with an estimate of anticipated hours need to complete the requested plan. You are billed the actual time needed to complete the plan. If we over-estimated, you receive a refund of the unearned fees. If we under-estimated, you are billed for additional fees due to us. After presentation of the written plan, we provide you with a billing statement detailing the fees earned, the refund due to you or the fees due from you.

Financial planning services terminate upon presentation of the plan. Either party may terminate services prior to completion by providing written notice to the other party. Termination is effective upon receipt of the notice. If notice is received within 5 days of signing the client agreement, services are terminated without penalty. You are responsible for the actual time expended on the requested plan by us prior to the effective date of termination. For both fixed and hourly fees, we prorate our earned fees at the rate of \$240 per hour. We provide you with a billing statement detailing the fees earned, any refund due to you or any additional fees due from you.

### ***Wealth Consulting Services***

We also offer consulting services that are more general in nature than financial plans and typically focus on a specific area of concern to you. Consulting services may be single meeting or multiple-meeting events and can include, but are not limited to:

- Reviews of your current financial plan, tax strategies, asset allocation, risk level and performance
- Insurance and estate issues
- Business valuations
- Pension consulting services to qualified plans

We charge hourly fees for consulting services at the rate of \$240 per hour. Fees are billed in advance and due at the time the client agreement is signed. We provide you with an estimate of anticipated hours need to complete the requested consultations. If we over-estimated, you receive a refund of the unearned fees. If we under-estimated, you are billed for additional fees due to us. You have sole discretion as to how long consultations last and you are billed the actual time expended on the consultations. After consultations are completed, we provide you with a billing statement detailing the fees earned, the refund due to you or the fees due from you.

Services terminate upon completion of the requested consultations. Either party may terminate services prior to completion by providing written notice to the other party. Termination is effective upon receipt of the notice. If notice is received within 5 days of signing the client agreement, services are terminated without penalty. You are responsible for the actual time expended on the consultations provided to the effective date of termination. We provide you with a billing statement detailing the fees earned, any refund due to you or any additional fees due from you.

### ***Other Affiliations and General Information***

Some of our representatives are also registered representatives of LPL Financial Corporation ("LPL"), a registered broker/dealer. Advisor and LPL are not related entities. If you elect to have our

representatives implement the financial planning advice provided, that implementation may be done through our representatives in their separate capacities as registered representatives. This situation represents a conflict of interest because our representatives could receive fees for the advice and could also receive commissions for implementing the recommendations in their separate capacities as registered representatives. You are not obligated in any manner to implement our advice or to implement transactions through our representatives or LPL. You are free to select any broker/dealer or registered representative to implement our recommendations.

The fees and commissions charged by both Advisor and LPL may be higher or lower than at other investment advisors and broker/dealers. Our representatives who are also registered representatives of LPL may have a conflict of interest if you purchase securities through LPL because the higher their production is with LPL the greater the potential is for them a higher pay-out on commissions earned. Further, registered representatives are restricted to only offering those products and services reviewed and approved for offering to the public by LPL and for which LPL has obtained a selling agreement.

Some of our representatives may also be licensed insurance agents. If you elect to purchase insurance products through our representatives in this separate capacity, they may earn commissions. This situation represents a conflict of interest because our representatives could receive fees for the advice and also receive commissions for implementing the recommendations in their separate capacities as insurance agents. You are not obligated in any manner to implement our advice or to implement through our representatives as insurance agents.

Although financial planning and consulting services are provided with the intention that you will implement our recommendations through us, you are not obligated to do so. You retain discretion over implementing decisions relating to financial planning and consulting services and are free to accept or reject any of our recommendation. If you elect to have our representatives implement the advice provided as part of the financial planning or consulting services, it will be done either in their separate capacities as registered representatives or done through the other programs offered by us and described elsewhere in this Disclosure Brochure. If implemented, we and our representatives could earn additional fees or our representative could earn commissions in their separate capacities as registered representatives and/or insurance agents.

It is your responsibility to notify us if there are any changes in your financial situation or investment objectives so that we can work with you to determine if the changes affect our advice to you. Together, we determine whether wish to engage us to review, evaluate and revise our previous recommendations.

### **Asset Management Services**

#### ***Private Portfolio Management Program (Wrap-Fee Management Program)***

We have developed and sponsor the Private Portfolio Management Program ("PPM"). PPM is a wrap-fee program through which we provide investment supervisory services, defined as giving continuous advice to you and making investments based on your individual needs. PPM services are provided on both a discretionary and non-discretionary basis. On a discretionary basis, 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 you can place reasonable restrictions and limitations on the discretionary authority. If PPM services are provided on a non-discretionary basis, this means that we always contact you before implementing any transactions in an account. See **Item 16, Investment Discretion**, for additional discussion on discretionary and non-discretionary authority.

PPM is designed to provide a disciplined advisory approach to meet your objectives and needs. The PPM portfolio managers develop disciplined portfolios based on your investment objectives and individual needs as established in the initial client interview. To develop our investment management discipline, we rely on quantitative research and fundamental research obtained from third-party sources. Our sources of information include financial newspapers and magazines, inspection of corporate activities, research



materials prepared by others, corporate rating services, annual reports, prospectuses and filings with the SEC and company press releases. Strategies can be employed that include both long term and short term purchase of securities and, depending on your objectives, supplemental covered option writing. However, in special circumstances the strategies may also include margin transactions, other option strategies, and trading or short sale transactions. If margin is used in your account, you should be aware that the margin balance will not reduce the market value of eligible assets and will, therefore, increase the asset-based fee charged to you unless the account is held at LPL Financial Corporation ("LPL") or Fidelity Institutional Wealth Services ("Fidelity"). The increased asset-based fee that you pay may provide an incentive for us to recommend the use of margin strategies. Using margin is not suitable for all investors since it increases leverage in the client's account and, therefore, its risk.

Clients participating in PPM establish a brokerage account through which all transactions are implemented and processed. We require a minimum initial account value of \$50,000, although the minimum may be waived under certain circumstances (i.e., potential additional deposits, family relationships, referral sources, etc.).

Brokerage transactions are processed and cleared by LPL or Fidelity unless otherwise directed by you and agreed to by us. Your directions to use another broker/dealer must be given to us in writing. When recommending LPL, we do so because our representatives are licensed registered representatives with LPL and because LPL offers additional compliance and computer technology and research. LPL or Fidelity also serve as the custodian for your assets. We do not act as custodian and will not have direct access to your funds and securities except to have advisory fees deducted from your account with your prior written authorization.

PPM accounts are charged a single "wrap fee" that covers advisory, execution, custodial and reporting services. The following is the standard fee schedule use for PPM:

<b><u>Assets under Management</u></b>	<b><u>Annual Percentage</u></b>
\$0 to \$250,000	2.00%
\$250,001 to \$500,000	1.75%
\$500,001 to \$750,000	1.50%
\$750,001 to \$1,000,000	1.25%
Over \$1,000,000	1.00%

There is a minimum quarterly fee of \$250 although, under certain circumstances, this fee may be waived (i.e., potential additional deposits, family relationships and referral sources). You should be aware that charging this minimum fee may cause the effective fee rate (expressed as a percentage) to be greater than the fee rates specified in the above table. The above fee schedule is negotiable at our discretion based on:

- The amount of assets under management
- The anticipated level of trading activity pursuant to the security types maintained in the account
- The complexity of the managed assets
- Whether or not we are granted discretionary authority on the account
- The number of accounts we managing for you and your related persons
- Our history with or other relationships with you
- Potential future assets that may be invested with us

In some instances, upon your request and at our sole discretion, we may charge a fixed annual fee rather than a percentage of assets under management. Fixed fees typically range from \$1,000 to \$100,000 annually and are negotiable based on the same factors stated above. The actual fee charged is determined and disclosed to you prior to you establishing an account and services being provided. The fee charged is stated in the client agreement that you sign with us.

PPM fees are billed quarterly in advance and based on the value of the account at the end of the previous quarter. If an account is initially funded at any time other than the first day of the quarter, you are billed a prorated fee for the first quarter. The prorated fee is based on the number of days services are provided during the quarter and begin on the day the account is initially funded. Unless agreed upon otherwise, you agree to have fees deducted from your account. You must provide the account custodian with written authorization to have the fees deducted from the account and paid directly to us. This authorization is usually given when the new account paperwork is prepared and signed. At least quarterly, you receive an account statement from your account custodian detailing transactions in your account, including advisory fees charged. You should review the account statements received from the account custodian and verify that appropriate advisory fees are being deducted.

For the purposes of calculating PPM fees, the “value of the account” means the sum of the long and short market value of all securities, mutual funds and, if applicable, money market funds, credit balances and cash balances in a related bank demand deposit account. In valuing the account, we use the closing prices or, if not available, bid prices of the last recorded transaction for listed securities, options and over-the-counter NASDAQ securities. For mutual funds, we use the funds’ most current net asset value, as computed by the fund company. In so doing, we utilize information provided by quotation services believed to be reliable. If any such prices are unavailable or believed to be unreliable, we determine prices in good faith so as to reflect our understanding of fair market value.

If the account is maintained by LPL or Fidelity, fees are billed on the net equity in the account; we do not bill on the value of the margin debit balance. If the account is maintained at a custodian other than LPL or Fidelity, margin debit balances do not reduce the account value.

Either party may terminate PPM services at any time by providing written notice to the other party. Termination is effective upon receipt of the notice. If notice is received within five business days of signing the client agreement, services are terminated without penalty and we promptly refund any fees you paid in advance. After the initial five business days, fees are prorated based on the number of days that services are provided prior to receipt of termination notice. We promptly refund any pre-paid, unearned fees to you.

This description is intended to provide a summary of PPM. If you contract for PPM services, you receive PPM Wrap Fee Program Brochure which provides complete details regarding the PPM program.

### ***Asset Management Program (Traditional Management Program)***

We offer asset management services, defined as giving continuous advice to you and making investments based on your individual needs, through our Asset Management Program (“AMP”). AMP services are provided on both a discretionary and non-discretionary basis. On a discretionary basis, 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 you can place reasonable restrictions and limitations on the discretionary authority. If AMP services are provided on a non-discretionary basis, we always contact you before implementing any transactions in an account. See **Item 16, Investment Discretion**, for additional discussion on discretionary and non-discretionary authority.

AMP is designed to provide a disciplined advisory approach to meet your objectives and needs. The AMP portfolio managers develop disciplined portfolios based on your investment objectives and individual needs as established in an initial interview. To develop our investment management discipline, we rely on quantitative research and fundamental research obtained from third-party sources. Strategies can be employed that include both long term and short term purchase of securities and, depending on your objectives, supplemental covered option writing. However, in special circumstances the strategies may also include margin transactions, other option strategies and trading or short sale transactions. If margin is used in your account, you should be aware that the margin balance will not reduce the market value of eligible assets and will, therefore, increase the asset-based fee charged to you. The increased asset-

based fee that you pay provides an incentive to us to recommend the use of margin strategies. Using margin is not suitable for all investors since it increases leverage in your account and, therefore, its risk.

Clients participating in AMP establish a brokerage account through which all transactions are implemented and processed. We require a minimum initial account value of \$50,000 if the account will be managed solely by us, although the minimum may be waived under certain circumstances (i.e., potential additional deposits, family relationships and referral sources).

Brokerage transactions are processed and cleared by LPL or Fidelity unless otherwise directed by you and agreed to by us. Your directions to use another broker/dealer must be given to us in writing. When recommending LPL, we do so because our representatives are licensed registered representatives with LPL. LPL or Fidelity also serve as the custodian for your assets. We do not act as custodian and will not have direct access to your funds and securities except to have advisory fees deducted from your account with your prior written authorization.

The following is the standard fee schedule use for AMP:

<u>Assets under Management</u>	<u>Annual Percentage</u>
\$0 to \$250,000	2.00%
\$250,001 to \$500,000	1.75%
\$500,001 to \$750,000	1.50%
\$750,001 to \$1,000,000	1.25%
Over \$1,000,000	1.00%

There is a minimum quarterly fee of \$250. You should be aware that charging this minimum fee may cause the effective fee rate (expressed as a percentage) to be greater than the fee rates specified in the above table. The above fee schedule is negotiable at our discretion based on:

- The amount of assets under management
- The anticipated level of trading activity pursuant to the security types maintained in the account
- The complexity of the managed assets
- Whether or not we are granted discretionary authority on the account
- The number of accounts we managing for you and your related persons
- Our history with or other relationships with you
- Potential future assets that may be invested with us

In some instances, upon your request and at our sole discretion, we may charge a fixed annual fee rather than a percentage of assets under management. Fixed fees typically range from \$1,000 to \$100,000 annually and are negotiable based on the same factors stated above. The actual fee charged is determined and disclosed to you prior to you establishing an account and services being provided. The fee charged is stated in the client agreement that you sign with us.

You may incur other fees and expenses besides our management fees. Your qualified account custodian may charge a separate custody fee. In addition, the account custodian 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.

Although we do not receive any portion of these commissions and fees, our representatives, in their separate capacities as registered representatives of LPL, may receive a portion of the commissions and

12(b)-1 fees in addition to the advisory fees charged by us. You should be aware that 12(b)-1 fees come from fund assets, and thus, indirectly from your assets. This situation presents a conflict of interest because our representatives may recommend AMP over other programs offered by us where the representatives do not receive this additional compensation. In order to prevent this conflict of interest, we offset the fees charged to you by the amount of commissions or 12(b)-1 fees paid to our representative.

You should be aware that transaction ticket fees charged by the broker/dealer may be higher than those fees charged by the broker/dealer in other programs offered by us. We do not receive any portion of these fees. Although we believe our fees are reasonable in relation to the services provided, you should be aware that lower fees for comparable services may be available from other sources. Fees for our services may be more than the cost of purchasing the same services separately through other investment advisors or through other programs offered by us. AMP is only offered to you when you cannot establish an account through one of our other programs. This usually results from limitations or preferences on who serves as your account custodian for your managed assets.

AMP fees are billed quarterly in arrears and based on the value of the account at the end of the quarter. If an account is initially funded at any time other than the first day of the quarter, you are billed a prorated fee for the first quarter. The prorated fee is based on the number of days services are provided during the quarter and begin on the day the account is initially funded. Fees are calculated and deducted from your account by LPL pursuant to your written authorization provided in the account agreement.

For the purposes of calculating AMP fees, the “value of the account” means the sum of the long and short market value of all securities, mutual funds and, if applicable, money market funds, credit balances and cash balances in a related bank demand deposit account. In valuing the account, we use the closing prices or, if not available, bid prices of the last recorded transaction for listed securities, options and over-the-counter NASDAQ securities. For mutual funds, we use the funds’ most current net asset value, as computed by the fund company. In so doing, we utilize information provided by quotation services believed to be reliable. If any such prices are unavailable or believed to be unreliable, we determine prices in good faith so as to reflect our understanding of fair market value.

If the account is maintained by LPL, fees are billed on the net equity in the account; we do not bill on the value of the margin debit balance. If the account is maintained at a custodian other than LPL, margin debit balances do not reduce the account value.

Either party may terminate AMP services at any time by providing written notice to the other party. Termination is effective upon receipt of the notice. If notice is received within five business days of signing the client agreement, are terminated without penalty and no fees are due. After the initial five business days, fees are prorated based on the number of days that services are provided prior to receipt of termination notice. We send a billing statement to you detailing the fees earned by us and due from you prior to the effective date of termination.

### ***Portfolio Management Program (Traditional Management Program)***

We offer asset management services, defined as giving continuous advice to you and making investments based on your individual needs, through our Portfolio Management Program (“PM”). PM services are provided on both a discretionary and non-discretionary basis. On a discretionary basis, 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 you can place reasonable restrictions and limitations on the discretionary authority. If PM services are provided on a non-discretionary basis, we always contact you before implementing any transactions in an account. See **Item 16, Investment Discretion**, for additional discussion on discretionary and non-discretionary authority.

PM is designed to provide a disciplined advisory approach to meet your objectives and needs. The PM portfolio managers develop disciplined portfolios based on your investment objectives and individual

needs as established in an initial interview. To develop our investment management discipline, we rely on quantitative research and fundamental research obtained from third-party sources. Strategies can be employed that include both long term and short term purchase of securities and, depending on your objectives, supplemental covered option writing. However, in special circumstances the strategies may also include margin transactions, other option strategies and trading or short sale transactions. If margin is used in your account, you should be aware that the margin balance will not reduce the market value of eligible assets and will, therefore, increase the asset-based fee charged to you. The increased asset-based fee that you pay provides an incentive to us to recommend the use of margin strategies. Using margin is not suitable for all investors since it increases leverage in your account and, therefore, its risk.

Clients participating in PM establish a brokerage account through which all transactions are implemented and processed. We require a minimum initial account value of \$50,000 if the account will be managed solely by us, although the minimum may be waived under certain circumstances (i.e., potential additional deposits, family relationships and referral sources).

Brokerage transactions are processed and cleared by LPL or Fidelity unless otherwise directed by you and agreed to by us. Your directions to use another broker/dealer must be given to us in writing. When recommending LPL, we do so because our representatives are licensed registered representatives with LPL. LPL or Fidelity also serve as the custodian for your assets. We do not act as custodian and will not have direct access to your funds and securities except to have advisory fees deducted from your account with your prior written authorization.

The following is the standard fee schedule use for PM:

<u>Assets Under Management</u>	<u>Annual Percentage</u>
\$0 to \$250,000	2.00%
\$250,001 to \$500,000	1.75%
\$500,001 to \$750,000	1.50%
\$750,001 to \$1,000,000	1.25%
Over \$1,000,000	1.00%

There is a minimum quarterly fee of \$250. You should be aware that charging this minimum fee may cause the effective fee rate (expressed as a percentage) to be greater than the fee rates specified in the above table. The above fee schedule is negotiable at our discretion based on:

- The amount of assets under management
- The anticipated level of trading activity pursuant to the security types maintained in the account
- The complexity of the managed assets
- Whether or not we are granted discretionary authority on the account
- The number of accounts we managing for you and your related persons
- Our history with or other relationships with you
- Potential future assets that may be invested with us

In some instances, upon your request and at our sole discretion, we may charge a fixed annual fee rather than a percentage of assets under management. Fixed fees typically range from \$1,000 to \$100,000 annually and are negotiable based on the same factors stated above. The actual fee charged is determined and disclosed to you prior to you establishing an account and services being provided. The fee charged is stated in the client agreement that you sign with us.

You may incur other fees and expenses besides our management fees. Your qualified account custodian may charge a separate custody fee. In addition, the account custodian 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.

You may incur other fees and expenses besides our management fees. Your qualified account custodian may charge a separate custody fee. In addition, the account custodian 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.

You should be aware that transaction ticket fees charged by the broker/dealer may be higher than those fees charged by the broker/dealer in other programs offered by us. We do not receive any portion of these fees. Although we believe our fees are reasonable in relation to the services provided, you should be aware that lower fees for comparable services may be available from other sources. Fees for our services may be more than the cost of purchasing the same services separately through other investment advisors programs offered by us.

PM fees are billed quarterly in advance and based on the value of the account at the end of the previous quarter. If an account is initially funded at any time other than the first day of the quarter, you are billed a prorated fee for the first quarter. The prorated fee is based on the number of days services are provided during the quarter and begin on the day the account is initially funded. Unless agreed upon otherwise, you agree to have fees deducted from your account. You must provide the account custodian with written authorization to have the fees deducted from the account and paid directly to us. Fees are calculated and deducted from your account by LPL pursuant to your written authorization provided in the account agreement.

At least quarterly, you receive an account statement from your account custodian detailing transactions in your account, including advisory fees charged. You should review the account statements received from the account custodian and verify that appropriate advisory fees are being deducted.

For purposes of calculating PM fees, the "value of the account" means the sum of the long and short market value of all securities, mutual funds and, if applicable, money market funds, credit balances and cash balances in a related bank demand deposit account. In valuing the account, we use the closing prices or, if not available, bid prices of the last recorded transaction for listed securities, options and over-the-counter NASDAQ securities. For mutual funds, we use the funds' most current net asset value, as computed by the fund company. In so doing, we utilize information provided by quotation services believed to be reliable. If any such prices are unavailable or believed to be unreliable, we determine prices in good faith so as to reflect our understanding of fair market value.

If the account is maintained by LPL or Fidelity, fees are billed on the net equity in the account; we do not bill on the value of the margin debit balance. If the account is maintained at a custodian other than LPL or Fidelity, margin debit balances do not reduce the account value.

Either party may terminate PPM services at any time by providing written notice to the other party. Termination is effective upon receipt of the notice. If notice is received within five business days of signing the client agreement, are terminated without penalty and we promptly refund any fees you paid in advance. After the initial five business days, fees are prorated based on the number of days that services are provided prior to receipt of termination notice. We promptly refund any pre-paid, unearned fees to you.

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

### ***Manager Access Select Program***

We may participate in the Manager Access Select Program (MAS) sponsored by LPL Financial Corporation ("LPL"). Through MAS, LPL selects portfolio managers that provide ongoing supervisory and management services to your assets. LPL act as the broker and custodian for all MAS accounts. The portfolio manager directs the investment and reinvestment of all assets maintained in an MAS account. You grant the portfolio manager discretionary authority and trading authorization to make and implement investment decisions in your MAS accounts.

We assist you in determining the suitability of the program and also in determining the portfolio manager(s) selected to manage your assets in relation to your stated investment objectives and risk tolerance. We then assist you with establishing an account(s) and with the ongoing review and monitoring of the portfolio manager(s) selected. Our representatives are available to answer questions you may have regarding your account and act as the communication conduit between you and the portfolio manager. You provide us with updated suitability information as needed. We are not responsible for selecting, managing or trading your assets maintained in an MAS account.

A minimum of \$100,000 is required to establish and maintain an MAS account. However, exceptions may be granted to this minimum at the discretion of LPL and the portfolio manager.

We charge a maximum fee of 2% annually for portfolio manager recommendations and ongoing support and communication services we provide to you. Fees are negotiable and are determined based on the complexity of your situation and the services provided as well as the amount of assets managed by the portfolio manager. Our fee is separate and distinct from the advisory or other fees collected by the portfolio manager and LPL. These fees are fully disclosed to clients in the Disclosure Brochures provided to you for LPL and the portfolio managers. Fees are billed quarterly in advance and are deducted directly from your account and paid to us. The initial fee is due upon signing a client agreement and is assessed pro rata in the event an agreement is executed at any time other than the last day of the calendar quarter.

Any party may terminate services by providing the other parties to the agreement with written notice of termination. Termination is upon receipt of such notice. Unless you receive all Disclosure Brochures related to the MAS agreement for services 48 hours prior to executing the agreement, you can cancel the MAS agreement within five days of signing it. In this case, you are responsible for any transactions executed prior to receiving the written termination notice and any additional prepaid fees are refunded to you. After the initial five business days, you are to a prorated refund of any pre-paid quarterly fees based on the number of days remaining in the quarter after the termination date. If the MAS account is closed within the first six months by you, or as a result of withdrawals bringing the MAS account value below the minimum, LPL reserves the right to retain the pre-paid quarterly MAS fee for the current quarter or to cancel and re-bill all transactions in the MAS account at normal and customary brokerage commission rates in order to cover the administrative cost of establishing the account.

### **Additional Compensation**

From time to time we may receive expense reimbursement for travel from distributors of investment products 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 and LPL. Although receipt of these travel and 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. We 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 our judgment 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)
- Banks or thrift institutions
- Investment companies
- 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 minimum initial account value of \$50,000 required to establish a PPM, AMP or PM account, although this minimum may be waived under certain circumstances (i.e., potential future deposits, family relationships and referral sources).

There is a minimum quarterly advisory fee of \$250 charged for PPM, AMP and PM accounts. For PPM accounts, this minimum fee may be waived (i.e., potential additional deposits, family relationships and referral sources). You should be aware that charging this minimum fee may cause the effective program fee rate (expressed as a percentage) to be greater than the fee rates specified for each program described in **Item 5, Fees and Compensation**.

There is a minimum initial account value of \$100,000 required to establish and maintain an MAS account, although LPL and the portfolio manager may grant exceptions to this minimum.

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

### **Methods of Analysis**

We use fundamental and charting analysis when considering 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.

### ***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.

### **Investment Strategies**

The investment strategies we use when implementing investment advice include:

- Long term purchases (securities held at least a year.)
- Short term purchases (securities sold within a year.)
- Trading (securities sold within 30 days.)
- Short sales (Borrowing securities in anticipation of a price decline and returning an equal number of securities at some future time.)
- Margin transactions (Investor pays for part of the purchase and borrows the rest from a brokerage firm; e.g., investor buys \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Advisor.)
- Option writing (Including covered options, uncovered options or spreading strategies.) (Note: options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.)

We gather information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate ratings services, annual reports, prospectuses and filings with the Securities and Exchange Commission and company press releases.

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

Our primary method of analysis or strategy is asset allocation--determining the percentages of stocks, bonds and cash relative to your risk profile, tax situation and investment horizon. Stocks are core long term equity holdings and weighted in close correlation to S&P sectors. Strategic equity positions are used to overweight or underweight S&P sectors relative to undervaluation or overvaluation estimates in sections based on fundamental research. Bond positions are laddered in maturity. Separate bond purchases are in A rated or better municipal, U.S. Government agencies and U.S. Treasury issues.

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

## **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.

When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you borrow part of the purchase price then you are engaging in margin transactions and there is risk involved with this. The securities held in your margin account are collateral for the custodian or clearing firm that loaned you the money. If those securities decline in value, then the value of the collateral supporting your loan also declines. As a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, including:

- You can lose more funds than you deposit in your margin account

- The account custodian or clearing firm can force the sale of securities or other assets in your account
- The account custodian or clearing firm can sell your securities or other assets without contacting you
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities
- The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and are not required to provide you advance written notice
- You are not entitled to an extension of time on a margin call

### **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 brochure.

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

We are not and 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)
- Other investment advisor or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- Accountant or accounting firm
- 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 registered 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 LPL Financial Corporation (“LPL”). In this separate capacity, they can sell securities to any client and earn commissions as a result. 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. Clients are under no obligation to use the services of our representatives or LPL and can select any broker/dealer they wish to implement securities transactions.

### **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.

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

### **Code of Ethics Summary**

Section 204A-1 of the *Investment Advisers Act of 1940* requires all investment advisers to establish, maintain and enforce a Code of Ethics. We have established a Code of Ethics that applies to all of our associated persons. An investment adviser is considered a fiduciary according to the *Investment Advisers Act of 1940*. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of clients at all times. We have a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics, which also covers our insider trading and personal securities transactions policies and procedures. Advisor requires all supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Once employed by or affiliated with us, and at least annually thereafter, all supervised persons sign an acknowledgement that they have read, understand and agree to comply with our Code of Ethics. We have the responsibility to make sure that the interests of all clients are placed ahead of our own investment interests. Full disclosure of all material facts and potential conflicts of interest is provided to you prior to any services being conducted. We and our supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect its duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if you wish to review our Code of Ethics in its entirety, a copy is provided promptly upon request.

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

Either we or our representatives or associated persons may buy or sell for our personal accounts investment products identical to those recommended to clients. This creates a potential conflict of interest. It is our express policy that all persons associated in any manner with us must place the interests of our clients ahead of their own when implementing personal investments. We will not buy or sell securities for our personal account(s) where our decision is derived, in whole or in part, by information obtained as a result of employment unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by Bazis & Young Investment Group are widely held and publicly traded.

## **Item 12 – Brokerage Practices**

If you wish to implement our advice, you are free to select any broker/dealer or investment advisor you wish and are so informed. If we assist you in implementing any recommendations, we have a duty to

ensure that you receive the best execution possible. Best execution does not necessarily mean the lowest price but includes the overall services received from a broker/dealer.

You should understand that not all investment advisors require the use of a particular broker/dealer. While we attempt to seek best execution for client accounts, we may be unable to achieve the most favorable execution of your transactions if you direct the use of a specific custodian. There may be other platforms that are less expensive and may provide faster execution capabilities.

If you wish to have our representatives implement the advice in their capacity as registered representative, LPL will be used. Our representatives are also registered representatives of LPL and are required to use the services of LPL when acting in this separate capacity. LPL has a wide range of approved securities products for which it performs due diligence prior to selection. LPL's registered representatives are required to adhere to these products when implementing securities transactions. 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 LPL, LPL provides compliance support to us. In addition to compliance support, LPL also provides our representatives and, therefore, us with back-office operational, technology and other administrative support.

If you wish to implement our advice through our PPM, AMP or PM services, we recommend LPL or Fidelity as the broker/dealer and/or custodian. LPL is the primary broker/dealer and custodian recommended due to our representatives' relationship with LPL. We recommend broker/dealers and custodians that we feel provide services in a manner and at a cost that allows us to meet our duty of best execution. However, we may be limited in the broker/dealer or custodians we are allowed to use due to our representatives' with LPL. LPL may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed because of LPL's duty to supervise the transactions implemented by these individuals.

While there is no direct linkage between the investment advice given to clients and our recommendation of LPL or Fidelity, both LPL or Fidelity may provide economic benefits to us 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 LPL or Fidelity participants exclusively
- A dedicated service group and an account services manager dedicated to our accounts
- Access to a real-time order matching system
- Ability to "block" client trades
- 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.

While we recommend broker, dealers or custodians, you are free to select any broker, dealer or custodian you wish. As previously discussed, we may be limited in the broker, dealers or custodians where you are allowed to maintain your managed account. Your direction to use a particular broker, dealer, or custodian must be provided in writing. When you direct the use of a particular broker, dealer or other custodian, we may not be able to obtain the best prices and execution for the transaction. If you direct the use of a particular broker, dealer or custodian you may receive less favorable prices than would otherwise be the case if you had not designated a particular broker, dealer, or custodian. Further, you will not be able to participate in aggregate trades (i.e. block trades) and directed trades may be placed by us after effecting non-directed trades.

## **Trade Allocation**

We generally allocate investment opportunities among eligible client accounts promptly and on an equitable basis. However, in some instances, we may encounter situations where it may be beneficial for one or more of our clients' accounts to purchase or sell a security where the investment opportunity is limited. In these situations, we allocate the opportunity among eligible client accounts. These allocation decisions are made in a timely manner (i.e., prior to placing the order). We do not place trades for our accounts or our supervised persons' accounts in a manner that is favorable over client accounts.

## **Block Trades**

We generally implement transactions for client accounts independently, unless we decide 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 is used by us when we believe such action may prove advantageous to clients. When we aggregate client orders, we allocate securities among client accounts 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 allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day. When we decide to aggregate client orders for the purchase or sale of securities, including securities in which we may invest, we do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* We do not receive any additional compensation or remuneration as a result of aggregation.

## **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 any loss resulting from the trade error is absorbed by us if we caused the error. 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.

## **Item 13 – Review of Accounts**

### **Account Reviews**

Financial planning services terminate upon presentation of the plan or completion of the consultations and so no account reviews are preformed. However, we recommend that you have your financial situation reviewed and updated at least annually. If you elect to have this review and update, a new client agreement is required and additional fees are charged.

Accounts at third party money managers (MAS) are reviewed when copies of statements are received from the account custodian, usually quarterly. Managed accounts (PPM, AMP and PM) are reviewed daily. Each managed account is assigned a manager that is responsible for reviewing and monitoring the

assets maintained in the account. Internal money managers use daily charting services and outside research to review the stock, bond and mutual fund positions to determine if any adjustments are needed to the model portfolios and to the separate portfolios.

While the calendar is the main triggering factor, reviews can also be conducted due to your request, due to a change in your circumstances, account holdings or investment objectives or due to unusual market activity or economic conditions.

### **Account Reports**

You receive statements from your account custodian at least quarterly. In addition, we send quarterly performance reports to you if you have a PPM, AMP or PM account.

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

### **Client Referrals**

We do not directly or indirectly compensate anyone for referring clients to us.

### **Other Compensation**

For additional discussion on other compensation received by Advisor, its owners or its representatives, please refer to **Additional Compensation** under **Item 5, Fees and Compensation** and **Item 12, Brokerage Practices**, for discussion about the services and products we may receive from LPL and/or Fidelity.

## **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. Please note that regulators have deemed the authorization to trade in client accounts to not be custody. However, 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**

Asset management services through PPM, AMP and PM are provided on a non-discretionary or discretionary basis. If asset management services are provided on a non-discretionary basis, we always contact you before implementing any transactions in an account. If management services are provided on a discretionary basis, 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. You can impose restrictions on managing your accounts. If your accounts are managed on a non-discretionary basis, and we cannot reach you or you are slow to respond to us, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price. You can impose restrictions on managing your accounts.

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.

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

We do not vote proxies on your behalf. You should read through the information provided in the proxy-voting documents and make a determination based on the information provided. If you request it, our representatives may provide limited clarifications of the issues presented based on their understanding of the issues presented in the materials. However, you have 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 our 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 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.



## Privacy Policy

**Commitment to Your Private Information:** We have a long standing policy of protecting the confidentiality and security information we collect about our clients. We do not, and will not, share non-public personal information about you ("Information") with outside third parties without your consent, except for the specific purposes described below. This notice is provided to describe the Information we may gather and the situations under which we may need to share it.

**Why We Collect and How We Use Information.** We limit the collection and use of Information within our firm to only those individuals associated or employed with us that must have Information to provide financial services to you. Such services include maintaining your accounts, processing transaction requests, providing financial planning, financial consultation and other services described in our Disclosure Brochure.

**How We Gather Information.** We get most Information directly from you when you provide us with information from any of the following sources:

- Applications or forms (for example: name, address, Social Security number, birth date, assets, income, financial history)
- Transactional activity in your account (for example: trading history and account balances)
- Information services and consumer reporting sources (for example: to verify your identity or to assess your credit history)
- Other sources with your consent (for example: your insurance professional, attorney, or accountant)

**How We Protect Information.** Our employees and affiliated persons are required to protect the confidentiality of Information and to comply with our stated policies. They may access Information only when there is an acceptable reason to do so, such as to service your account or provide you with financial services. Employees who violate our Privacy Policy are subject to disciplinary action up to and including termination from employment with us. We also maintain physical, electronic and procedural safeguards to protect information, which comply with applicable SEC, state and federal laws.

**Sharing Information with Other Companies Permitted Under Law.** We do not disclose Information obtained in the course of our practice except as required or permitted under law. Permitted disclosures include, for instance, providing information to unrelated third parties who need to know such Information in order to assist us with the providing services to you. Unrelated third parties may include broker/dealers, mutual fund companies, insurance companies and the custodian with which your assets are held. In such situations, we stress the confidential nature of information being shared.

**Former Customers.** Even if we cease to provide you with financial products or services, our Privacy Policy continues to apply to you and we continue to treat your non-public information with strict confidentiality.