

**ITEM 1 COVER PAGE  
FOR  
PART 2A OF FORM ADV:  
FIRM BROCHURE**

**March 19, 2018**

**PAULSON WEALTH MANAGEMENT INC.**

**207 REBER STREET, SUITE 100  
WHEATON, IL 60187**

**FIRM CONTACT: NATHAN PAULSON, PRESIDENT AND CHIEF COMPLIANCE OFFICER**

**FIRM WEBSITE: [WWW.PAULSONWEALTH.COM](http://WWW.PAULSONWEALTH.COM)**

**This brochure provides information about the qualifications and business practices of Paulson Wealth Management Inc. If you have any questions about the contents of this brochure, please contact by telephone at (630) 517-2950 or email at [npaulson@paulsonwealth.com](mailto:npaulson@paulsonwealth.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 Paulson Wealth Management Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Paulson Wealth Management Inc. is 150374.**

**Please note that the use of the term "registered investment adviser" and description of Paulson Wealth Management Inc. and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.**

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment, dated February 2, 2017, we have made the following material changes:

- We have transitioned from state registered to SEC registered. All disclosures have been amended to reflect an SEC registered firm.
- We have updated our primary office location to 207 Reber Street, Suite 100, Wheaton, IL 61087
- Our agreement with TD Ameritrade for Additional Services has been terminated. We have amended the *Client Referrals and Other Compensation* section to remove the disclosure related to this potential conflict of interest. As a result of discontinuing this service, TD Ameritrade will no longer provide additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the Program. Specifically, the Additional Services include Orion Advisor products.
- Lastly, we have amended the conflicts of interest disclosures related to Mr. Paulson's separate capacity as a registered representative. Additionally, we updated the name of the broker-dealer that Mr. Paulson is registered with, from Comprehensive Asset Management and Servicing, Inc. to APW Capital, Inc. as the firm underwent a name change. The new disclosure under the *Fees and Compensation* section reads as follows:
  - Mr. Paulson sells securities and insurance products for a commission. In order to sell securities for a commission, Mr. Paulson is a registered representative of APW Capital, Inc. ("APW"), a securities broker-dealer and member FINRA/SIPC. In his capacity as registered representatives, Mr. Paulson receives compensation in connection with the purchase and sale of securities or other investment products, including asset-based sales charges, service fees or 12b-1 fees, or holding, of mutual funds. Compensation earned by Mr. Paulson in his capacity as a registered representative is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice to advisory clients on behalf of our firm who are registered representatives have an incentive to recommend investment products based on the compensation received rather than solely based on your needs. Persons providing investment advice to advisory clients on behalf of our firm can select or recommend, and in many instances will select or recommend, mutual fund investments in share classes that pay 12b-1 fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm who receives compensation described above.

**If you have questions or if you would like to receive a copy of our most recent disclosure brochure at any time without charge, please contact us at (630) 517-2950 or email at [npaulson@paulsonwealth.com](mailto:npaulson@paulsonwealth.com).**

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## Item 4 Advisory Business

We specialize in the following types of services: comprehensive portfolio management and financial planning and consulting.

A. Description of our advisory firm, including how long we have been in business and our principal owner(s).<sup>1</sup>

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a corporation formed in the State of Delaware. Our firm has been in business as an investment adviser since 2009 and is owned 100% by Nathan Robert Paulson.

B. Description of the types of advisory services we offer.

(i) Comprehensive Portfolio Management:

Our comprehensive portfolio management service encompasses asset management as well as providing financial planning/financial consulting to clients. While financial planning and consulting services are offered as a stand-alone service as described below for non-management clients, financial planning and consulting services are incidental to and included in the fees for our comprehensive portfolio management services. Our comprehensive portfolio management services are designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we regularly review these accounts at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

(a) Equity Portfolio

Our principal objective in the equity portfolio is to achieve higher risk-adjusted returns than the MSCI All Country World Index Series ("MSCI All Country World"), a composite of over 2,700 large and mid cap global stocks, over a broad market cycle. MSCI All Country World is divided into developing and emerging market segments and represents 90-95% of investable market capitalization worldwide. The equity portfolio will typically be comprised of 5-20 equity index ETFs and/or individual equity positions. Any one position will not be greater than 20% of the portfolio. The use of equity index ETFs provides for significant securities diversification, while not excluding sector or industry concentration. Typically, the equity portfolio may possess 20-40 percent ex-US equity exposure. The allocation of the equity portfolio is determined by a top-down, risk-weighted approach, coupled with a market cap rotation overlay.

The base allocation of the equity portfolio is an equal weighted basket of 5 major equity indices. Based on internal and external research and analysis of the macro world economy and capital markets, this base allocation is adjusted to optimize the targeted risk-adjusted return properties of the portfolio. We accomplish this tailoring via overweighting or under weighting market capitalization and regional exposure. Additional indices may be added to tactically adjust the style box exposure of the portfolio.

Our firm believes strongly that superior compounding of returns over time can be achieved through a disciplined covered call writing strategy against some or all of the positions in the portfolio. To implement this call writing strategy, our firm employs a dynamic proprietary algorithm to determine the options to be traded. Our firm anticipates that the benefits of the premium income received via its options writing strategy outweigh the possible capital appreciation foregone. On occasion, our firm may attempt to enhance the total return of the portfolio through covering the options written prior to expiration or by buying put options depending on market liquidity and volatility conditions.

(b) Balanced Portfolio

The primary objective of the balanced portfolio is to further refine the risk/return profile of the equity portfolio to fit each client's investment goals and risk tolerance. The balanced portfolio is compared to market benchmarks with a similar composition. The equity portion of the balanced portfolio is constructed and managed using the same methodology as the equity portfolio previously discussed. Fixed income and cash are used in the balanced portfolio primarily as a volatility reducing mechanism, not an asset class return maximization tool. Therefore, the fixed income portfolio generally is comprised of highly rated investment grade municipal, government agency, and corporate bonds or their equivalent fixed income ETFs. Securities within the fixed income portfolio are selected based upon our firms' interest rate assumptions, credit risk, yield curve and several macroeconomic variables that impact the performance of the bonds.

(c) Fixed Income Portfolio

For a client with conservative objectives that focus on preservation of principal, the fixed income portfolio seeks to provide returns from investment in municipal bonds, corporate bonds and U.S. government agency securities. Securities in the fixed income portfolio are selected via the same means described in the balanced portfolio description. The fixed income portfolio seeks to produce low risk total returns over a market cycle.

The investment methods at our firm have been developed by Nathan R. Paulson, our President and Chief Compliance Officer. Mr. Paulson makes the ultimate investment selections and recommendations and monitors the investment portfolio. Our firm maintains a website related to its advisory services, [www.paulsonwealth.com](http://www.paulsonwealth.com), which is available to clients. Clients may access their brokerage accounts, performance reports, as well as obtain market information and research via our firms' site.

(ii) Financial Planning and Consulting:

We also offer a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas:

- *Investment Planning* - involves advice with respect to asset allocation and investment income accumulation techniques. Evaluations are made of existing investments in terms of their economic and tax characteristics as well as their suitability for meeting your objectives. Tax consequences and their implications are identified and evaluated. This typically takes approximately 10 - 20 hours.
- *Retirement Planning* - involves advice with respect to alternatives and techniques for accumulating wealth for retirement income or advice relative to appropriate distribution of assets following retirement. Tax consequences and their implications are identified and evaluated. This typically takes approximately 10 - 20 hours.

- *Estate Planning* - involves advice with respect to property ownership, distribution strategies, estate tax reduction, and tax payment techniques. It involves a discussion of gifts, trusts, etc., and the disposition of business interests. Tax consequences and their implications are identified and evaluated. Your chosen licensed attorney must be used for evaluation and document creation. This typically takes approximately 10 - 20 hours.
- *Charitable Planning* - involves advice with respect to alternatives and techniques for achieving the desired philanthropic impact and/or legacy. Tax benefits and their implications are identified and evaluated. This typically takes approximately 10 - 20 hours.
- *Education Planning* - involves advice with respect to alternatives and strategies with respect to the complete or partial funding of college or other post-secondary education experience. Tax consequences and their implications are identified and evaluated. This typically takes approximately 10 - 20 hours.
- *Corporate and Personal Tax Planning* - encompasses a large array of services that are customized to your specific financial circumstances. We may offer advice as to how tax laws will effect various financial decisions, e.g. acquisitions, pension strategy, investing in new opportunities or consolidation of existing investments, and individual taxation issues, among others. This typically takes approximately 10 - 20 hours.
- *Real Estate Analysis* - involves advice with respect to asset acquisition and income generation techniques. Evaluations are made of existing and potential new real estate investments in terms of their economic and tax characteristics, capitalization rates as well as their suitability for meeting client objectives. This typically takes approximately 5 - 20 hours.
- *Mortgage/Debt Analysis* - involves advice with respect to risk management associated with advisory recommendations regarding the combination of monthly income vs. debt service costs, and tax implications. Also, involves advice with respect to debt term, structure, interest rates and how such relates to overall financial goals and objectives. This typically takes approximately 5 - 20 hours.
- *Insurance Analysis* - involves advice with respect to risk management associated with advisory recommendations based on the combination of insurance types that best meet your specific needs, e.g., life, health, disability, and long-term care insurance. This typically takes approximately 5 - 20 hours.
- *Lines of Credit Evaluation* - involves advice with respect to alternatives and techniques for using leverage of investment or real estate assets for the purposes of tax payments, investment, debt retirement or consolidation. Tax consequences and their implications are identified and evaluated. This typically takes approximately 5 - 20 hours.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations.

If you only require advice on a single aspect of the management of your financial resources, we offer modular financial planning and/or general consulting services that address only those specific areas of concern. Our hourly fee for general consulting services is \$250.00 per hour. Generally, these consulting services consist of verbal advice. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is

less formal than our planning service. This fee is due and payable in full upon completion of the consultation. The services to be provided, associated fees, and payment arrangements are negotiable and will be detailed in the agreement executed between us.

Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client. You are under no obligation to implement any financial planning or consulting advice through our firm. However, if you engage us for comprehensive portfolio management services as described above, the financial planning and consulting services are incidental to and included in the fees for our comprehensive portfolio management services.

(iii) Sub-Advisory Services:

Paulson Wealth Management provides sub-advisory portfolio management services to other registered investment advisors under the name of 3<sup>rd</sup> Stream. Depending on the sub-advisory agreement, one or all of PWM's proprietary portfolio strategies or models may be used in this context. Generally, 3<sup>rd</sup> Stream will not have the responsibility or knowledge of a client's risk aptitude and as such, will be providing the discretionary sub-advisory services based on the Advisor's recommendations. Our firm maintains a website related to its sub-advisory services, [www.the3rdstream.com](http://www.the3rdstream.com).

(iv) Selection of Other Advisers

As part of our investment advisory services, we may recommend that you use the services of a third party money manager or private fund manager (Manager) to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we will recommend that you engage specific Managers or investment programs. Factors that we take into consideration when making our recommendations include, but are not limited to, the Manager's performance, methods of analysis, and fees, as well as, your financial needs, investment goals, risk tolerance, and investment objectives.

You will generally be required to enter into an advisory agreement directly with us and the Managers. As such, the Managers will actively manage your portfolio and will assume discretionary investment authority over your account. We will monitor the Manager's performance to ensure its management and investment style remains aligned with your investment goals and objectives. We will assume discretionary authority to hire and fire Manager(s) and/or reallocate your assets to other Manager(s) where we deem such action appropriate based on your individual needs and circumstances.

Any sub-advisers engaged by us or any Managers recommended to you must be appropriately registered, noticed filed, or exempt from registration in the state where you reside.

C. Explanation of whether (and, if so, how) we tailor our advisory services to the individual needs of clients, whether clients may impose restrictions on investing in certain securities or types of securities.

(i) Individual Tailoring of Advice to Clients:

We offer individualized investment advice to clients utilizing our Comprehensive Portfolio Management service offered by our firm. Additionally, we offer general investment advice to clients utilizing the following services offered by our firm: Financial Planning and Consulting.

(ii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to our Comprehensive Portfolio Management service. We do not manage assets through our other services.

D. Participation in wrap fee programs.

We are a sponsor of a wrap fee program, which is a type of investment program that provides clients with access to several money managers or mutual fund asset allocation models for a single fee that includes administrative fees, management fees, and commissions. If you participate in our wrap fee program, you will pay our firm a single fee, which includes our money management fees, certain transaction costs, and custodial and administrative costs. We receive the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

E. Disclosure of the amount of client assets we manage on a discretionary basis and the amount of client assets we manage on a non-discretionary basis as of August 1, 2017.

As of February 7, 2018, we manage approximately \$147,824,288 on a discretionary basis and approximately \$20,057,627 on a non-discretionary basis.

## Item 5 Fees and Compensation

We are required to describe our brokerage, custody, fees and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally not negotiable.

1. Description of how we are compensated for our advisory services provided to you.

(i) Comprehensive Portfolio Management:

(a) Equity and Balanced Portfolios:

<u>Assets under Management</u>	<u>Annual Percentage of assets charge*:</u>
First \$500,000	1.50%
Next \$500,000	1.15%
Next \$4,000,000	1.00%
Above \$5,000,000	0.75%

(b) Fixed Income Portfolios\*

<u>Assets under Management</u>	<u>Annual Percentage of assets charge*:</u>
First \$2,000,000	0.50%
Next \$3,000,000	0.35%
Next \$5,000,000	0.30%
Above \$10,000,000	0.25%

\*We require a minimum balance of \$1,000,000 for our Fixed Income Portfolios service.



(c) Non-Discretionary Management

<u>Assets under Management</u>	<u>Annual Percentage of assets charge*:</u>
First \$2,000,000	0.80%
Next \$3,000,000	0.60%
Next \$5,000,000	0.40%
Above \$10,000,000	0.25%

\*Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

(ii) Financial Planning and Consulting:

Where engaged separately as a stand-alone services, we charge on a non-negotiable hourly rate of \$250 or flat fee basis for financial planning and consulting services. For an estimated number of hours for each individual area of financial planning or consulting, please see Item 4 above. Depending on the complexity of the client's financial planning needs and the specific areas of concern, the combined estimated time for financial planning services typically ranges from 10 to 40 hours. Flat fees generally range from \$2,500 to \$10,000. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. The fee is payable directly to us and is due upon completion of the services provided. The amount of time it takes to complete a particular service is dependent upon your individual circumstances, such as the number of specific areas you would like to cover and the complexity of your specific financial situation, i.e., trusts, estates, business ownership, tax brackets, and other personal needs. The time needed will vary from client to client. *In limited circumstances*, the time could potentially exceed the initial estimate. In such cases, we will notify you for authorization to proceed with the additional time needed.

(iii) Sub-Advisory Services:

Due to the institutional nature of these arrangements, 3<sup>rd</sup> Stream does not publish a standard fee schedule for these discretionary services. Generally, these fees will range between 0.75% and 0.50% of assets under management. The firm reserves the right to negotiate our sub-advisory fees on a case by case basis.

1. Description of whether we deduct fees from *clients'* assets or bill *clients* for fees incurred.

(i) Comprehensive Portfolio Management:

Fees will be automatically deducted from your managed account. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms;
- c) If we send a copy of our invoice to you, we send a copy of our invoice to the independent custodian at the same time we send the invoice to you;
- d) If we send a copy of our invoice to you, our invoice includes a legend as required by paragraph (a) (2) of Rule 206(4)-2 under the Investment Advisers Act of 1940. This legend urges the client to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements sent to the client for whom the adviser opens custodial accounts with the qualified custodian.

(ii) Financial Planning and Consulting:

Where engaged separately as stand-alone services, financial planning and consulting fees are payable directly to our firm and are not directly debited from your advisory account. We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months. In the event that you wish to terminate our services, you will need to contact us in writing at least one business day in advance and state that you wish to terminate our services. We will cease work on the financial plan and bill you for any work performed in excess of the retainer fee or we will refund you a pro-rata amount of the retainer fee you paid in advance based on the number of hours of work performed prior to the termination date.

(iii) Selection of Other Advisers

Advisory fees charged by third party money managers or private fund managers (Managers) are separate and apart from our advisory fees. Assets managed by other Managers will be included in calculating our advisory fee, which is based on the fee schedule set forth in the *Portfolio Management Services* section in this brochure. Our fees are negotiable and are paid quarterly in advance. Advisory fees that you pay to the Manager are established and payable in accordance with the brochure provided by each Manager. Some Managers may charge performance-based fees to qualified clients or accredited investors. Some Managers may impose minimum account sizes, fees, or other restrictions. The Managers' fees may or may not be negotiable. You should carefully review the Manager's Form ADV Part 2A or equivalent disclosure brochure and advisory agreement to take into consideration the Manager's fees along with our fees to determine the total amount of fees associated with this arrangement. Except in the case where the Manager charges performance-based fees, the total combined fees you pay the Manager and us will not exceed 2% of the value of the assets under management.

You are under no obligation to accept our recommendation of any particular Manager. If you decide to enter into such arrangements, you will be required to sign an agreement with the recommended Manager and us. You should review each Manager's brochure and agreement for specific information on the services, fees, and terms of the agreement, including how you or we may terminate your advisory relationship with the Manager and how you may receive a refund, if applicable. You should contact the Manager directly for questions regarding your advisory agreement with the Manager.

1. Description of any other types of fees or expenses *clients* may pay in connection with our advisory services, such as custodian fees or mutual fund expenses.

Clients will incur transaction charges for trades executed in their accounts unless asset based pricing has been arranged for that account. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

D. Client's advisory fees are due quarterly in advance.

We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing at least one business day in advance and state that you wish to terminate our services. Upon receipt of your

letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees based on the number of days for which you were a client during the relevant calendar quarter prior to termination.

If you did not receive our disclosure brochure, Form ADV Part 2, at least 48 hours prior to entering into an advisory agreement with our firm, you may terminate the advisory agreement within five days of acceptance without penalty.

#### E. Commissionable securities and insurance sales.

Mr. Paulson sells securities and insurance products for a commission. In order to sell securities for a commission, Mr. Paulson is a registered representative of APW Capital, Inc. ("APW"), a securities broker-dealer and member FINRA/SIPC. In his capacity as registered representatives, Mr. Paulson receives compensation in connection with the purchase and sale of securities or other investment products, including asset-based sales charges, service fees or 12b-1 fees, or holding, of mutual funds. Compensation earned by Mr. Paulson in his capacity as a registered representative is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice to advisory clients on behalf of our firm who are registered representatives have an incentive to recommend investment products based on the compensation received rather than solely based on your needs. Persons providing investment advice to advisory clients on behalf of our firm can select or recommend, and in many instances will select or recommend, mutual fund investments in share classes that pay 12b-1 fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm who receives compensation described above.

Mr. Paulson is also a licensed, independent insurance agent. Mr. Paulson will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by Mr. Paulson are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Generally, Mr. Paulson only uses his securities license for 529 plans and insurance license for life insurance where it is in the best interest of the client.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

However, some third party money managers or private fund managers (Managers) may charge performance-based fees to qualified clients or accredited investors as those terms are defined under applicable securities laws.

## Item 7 Types of Clients

We offer advisory services to the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, limited liability companies and/or other business types
- Other Investment Advisers

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We generally require clients to have at least \$1,000,000 in net worth to engage us for financial planning or portfolio management services.
- Financial planning services typically take a minimum of 10 hours (\$2,500).
- We generally require a minimum fee of \$5,000 per year for portfolio management services.
- We may waive such minimums based on individual needs and circumstances; in which case the portfolio management fees would not exceed 2% of the assets under management.
- For fixed income accounts, a deposit of at least \$1,000,000 is required for our comprehensive portfolio management services. Generally, this minimum account balance requirement is not negotiable and would be required throughout the course of the client's relationship with our firm.

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

### A. Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

#### Methods of Analysis:

- Charting;
- Fundamental;
- Technical;
- Cyclical.

#### Investment Strategies we use:

- Long term purchases (securities held at least a year);
- Short term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Option writing, including covered options, uncovered options or spreading strategies;

#### **Please note:**

Investing in securities involves risk of loss that *clients* should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

B. Our practices regarding cash balances in *client* accounts, including whether we invest cash balances for temporary purposes and, if so, how.

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to comprehensive portfolio management service, as applicable.

## Item 9 Disciplinary Information

We are required to disclose whether there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of our advisory business or the integrity of our management. There are a number of specific legal and disciplinary events that we must presume are material for this Item. If our advisory firm or a *management person* has been *involved* in one of these events, we must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in our or the *management person's* favor, or was reversed, suspended or vacated, or (2) the event is not material. For purposes of calculating this ten-year period, the "date" of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

The SEC and/or State Regulators have not provided us with an exclusive list of material disciplinary events, which need to be disclosed. If our advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not specifically required to be disclosed, but nonetheless is material to a *client's* or prospective *client's* evaluation of our advisory business or the integrity of our management, we must disclose the event. Similarly, even if more than ten years has passed since the date of the event, we must disclose the event if it is so serious that it remains currently material to a *client's* or prospective *client's* evaluation of our firm or management.

We have determined that our firm and management have nothing to disclose under the aforementioned standard.

## Item 10 Other Financial Industry Activities and Affiliations

A. Our firm or our *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer and/or a licensed insurance agent. The details are as follows:

As described above in Item 5, Mr. Paulson is a registered representative of and offers securities through APW Capital, Inc. ("APW"), a securities broker-dealer and Member FINRA/SIPC. Paulson Wealth Management Inc. is independent of APW. He is also a licensed, independent insurance agent. These other business activities may take up to 5% of Mr. Paulson's professional time.

B. If we recommend or select other investment advisers for our *clients* and we receive compensations directly or indirectly from those advisers, or we have other business relationships with those advisers, we are required to describe these practices and discuss the conflicts of interest these practices create and how we address them.

As described above in Items 4 and 5, we may hire sub-advisers or recommend that you use third party money managers (Managers) based on your needs and suitability. We will pay the sub-adviser for their services; your fee will not be increased based on fees paid to sub-advisers. We are not compensated by Managers we recommend. You are not obligated, contractually or otherwise, to use the services of any Manager we recommend.

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

A. Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any *client* or prospective *client* upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts.<sup>3</sup> In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. 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 each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our 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. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics.

Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

B. If our firm or a *related person* invests in the same securities (or related securities, e.g., warrants, options or futures) that our firm or a *related person* recommends to *clients*, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that areas in connection with personal trading.

See Item 11A of this Brochure.

C. If our firm or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for our firm's (or the *related person's* own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.

See Item 11A of this Brochure.

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<sup>3</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

## Item 12 Brokerage Practices

A. Description of the factors that we consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).

1. Research and Other Soft Dollar Benefits. If we receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions ("soft dollar benefits"), we are required to disclose our practices and discuss the conflicts of interest they create. Please note that we must disclose all soft dollar benefits we receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

Our firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the program. (Please see the disclosure under Item 14 of this Brochure.) The benefits, including research, other products, or services are not provided to us in connection with specific client securities transactions and are not considered to be paid for with so-called "soft dollar" credits. However, the research, other products, or services received benefit us because we do not pay for those benefits. Such benefits are provided free of charge to us and other registered investment adviser's utilizing the custodial and brokerage services offered by TD Ameritrade. The products and services we receive from TD Ameritrade will generally be used in servicing all of our clients' accounts and will not depend on your choice of a particular broker-dealer or other third-party service provider. In recognition of the value of research services and additional brokerage products and services such broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere. Therefore, you should be aware that the receipt of economic benefits by our firm is a perceived conflict of interest as we may have an economic incentive to recommend a broker-dealer based on our interest in receiving research or other products or services, rather than based solely on your interest in receiving most favorable execution costs.

a. Explanation of when we use *client* brokerage commissions (or markups or markdowns) to obtain research or other products or services, and how we receive a benefit because our firm does not have to produce or pay for the research, products or services.

As part of the arrangement described in Item 12A(1), TD Ameritrade also makes certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by TD Ameritrade directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by TD Ameritrade to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by TD Ameritrade to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

b. Incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our *clients*' interest in receiving best execution.

As a result of receiving the services discussed in 12A(1) a of this Firm Brochure for no additional cost, we may have an incentive to continue to use or expand the use of TD Ameritrade's services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with TD Ameritrade and we have determined that the relationship is in the best interests of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

TD Ameritrade charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). TD Ameritrade enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. TD Ameritrade's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by TD Ameritrade may be higher or lower than those charged by other custodians and broker-dealers.

c. Causing *clients* to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

Our clients may pay a commission to TD Ameritrade that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

d. Disclosure of whether we use soft dollar benefits to service all of our *clients*' accounts or only those that paid for the benefits, as well as whether we seek to allocate soft dollar benefits to *client* accounts proportionately to the soft dollar credits the accounts generate.

Although the investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.



e. Description of the types of products and services our firm or any of our *related persons* acquired with *client* brokerage commissions (or markups or markdowns) within our last fiscal year.

We do not acquire *client* brokerage commissions (or markups or markdowns).

f. Explanation of the procedures we used during our last fiscal year to direct *client* transactions to a particular broker-dealer in return for soft dollar benefits we received.

We do not direct *client* transactions to a particular broker-dealer in return for soft dollar benefits.

2) Brokerage for *Client* Referrals. If we use client brokerage to compensate or otherwise reward brokers for client referrals, we must disclose this practice, the conflicts of interest it creates, and any procedures we used to direct client brokerage to referring brokers during the last fiscal year (i.e., the system of controls used by us when allocating brokerage).

Our firm does not receive brokerage for client referrals.

3) Directed Brokerage.

a. If we routinely recommend, request or require that a *client* directs us to execute transactions through a specified broker-dealer, we are required to describe our practice or policy. Further, we must explain that not all advisers require their *clients* to direct brokerage. If our firm and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, we are further required to describe the relationship and discuss the conflicts of interest it presents by explaining that through the direction of brokerage we may be unable to achieve best execution of *client* transactions, and that this practice may cost our *clients* more money.

In certain instances, clients may seek to limit or restrict our discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Clients may seek to limit our authority in this area by directing that transactions (or some specified percentage of transactions) be executed through specified brokers in return for portfolio evaluation or other services deemed by the client to be of value. Any such client direction must be in writing (often through our advisory agreement), and may contain a representation from the client that the arrangement is permissible under its governing laws and documents, if this is relevant.

We provide appropriate disclosure in writing to clients who direct trades to particular brokers, that with respect to their directed trades, they will be treated as if they have retained the investment discretion that we otherwise would have in selecting brokers to effect transactions and in negotiating commissions and that such direction may adversely affect our ability to obtain best price and execution. In addition, we will inform you in writing that your trade orders may not be aggregated with other clients' orders and that direction of brokerage may hinder best execution.

## **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

b. If we permit a *client* to direct brokerage, we are required to describe our practice. If applicable, we must also explain that we may be unable to achieve best execution of your *transactions*. Directed brokerage may cost *clients* more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices on transactions.

See Item 12A(3) of this Brochure.

B. Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various *client* accounts in quantities sufficient to obtain reduced transaction costs (known as *bunching*). If we do not bunch orders when we have the opportunity to do so, we are required to explain our practice and describe the costs to *clients* of not bunching.

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

## **Item 13 Review of Accounts**

A. Review of *client* accounts or financial plans, along with a description of the frequency and nature of our review, and the titles of our *employees* who conduct the review.

We review accounts on at least a weekly basis for our clients subscribing to our Comprehensive Portfolio Management service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

Financial planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. Where engaged only for stand-alone financial planning services, we do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

B. Review of *client* accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Description of the content and indication of the frequency of written or verbal regular reports we provide to *clients* regarding their accounts.

We will provide Client quarterly reports of the assets in the Account that include information regarding cost, current market value, gains and losses, performance and growth for the reporting period. We will also provide Client with direct access to their Accounts if they choose to open an account at the brokerage firm that PWM recommends in its Form ADV, Part 2A, Item 12 (the "Preferred Broker") through a secure portal on our firm's web site. Clients who direct us to place orders through brokerage firms other than the Preferred Broker will have access to the reports generated by PWM (but not direct access to the reports generated by the broker) through a password protected area of PWM's web site.

As also mentioned in Item 13A of this Brochure, financial planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

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

A. If someone who is not a *client* provides an economic benefit to our firm for providing investment advice or other advisory services to our *clients*, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

As disclosed above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients

should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

B. If our firm or a *related person* directly or indirectly compensates any *person* who is not our *employee* for *client* referrals, we are required to describe the arrangement and the compensation.

We do not compensate any individual or firm for client referrals.

## Item 15 Custody

A. If we have *custody* of *client* funds or securities and a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules (for example, a broker-dealer or bank) does not send account statements with respect to those funds or securities directly to our *clients*, we must disclose that we have *custody* and explain the risks that you will face because of this.

As paying agent for our firm, your independent, qualified custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly.

B. If we have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to our *clients*, we are required to explain that you will receive account statements from the broker-dealer, bank, or other qualified custodian and that you should carefully review those statements.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

## Item 16 Investment Discretion

If we accept *discretionary authority* to manage securities accounts on behalf of *clients*, we are required to disclose this fact and describe any limitations our *clients* may place on our authority. The following procedures are followed before we assume this authority:

Our clients sign a discretionary investment advisory agreement with our firm for the management of their account(s). Our discretion is governed by the clients' investment policy statements.

## Item 17 Voting Client Securities

A. If we have, or will accept, proxy authority to vote *client* securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

SEC Rule 206(4)-6 requires investment advisers who have voting authority with respect to securities held in their clients' accounts to monitor corporate actions and vote proxies in their clients' interests. We are required by the SEC to adopt written policies and procedures, make those policies and procedures available to clients, and retain certain records with respect to proxy votes cast.

We consider proxy voting an important right of our clients as shareholders and believe that reasonable care and diligence must be taken to ensure that such rights are properly and timely exercised. When we have discretion to vote the proxies of our clients, we will vote those proxies in your best interests and in accordance with these policies and procedures. Clients may request a copy of our written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting our chief compliance officer, Nathan R. Paulson, by phone at (630) 517-2950 or email at [npaulson@paulsonwealth.com](mailto:npaulson@paulsonwealth.com).

#### 1. Policy for voting proxies.

All proxies received by our firm will be given to our chief compliance officer for processing. Our chief compliance officer will determine which accounts managed by our firm hold the security to which the proxy relates. These accounts and their share holdings will be matched to the proxies received for each security. Missing proxies or significant variances in shares held will be investigated.

A grid of shares held by the client for each security being voted will be updated with each proxy being voted. Our chief compliance officer will review each item for voting on each proxy. Based on our proxy voting guidelines outlined below, a determination of how our firm votes will be made. Any undefined issues will be referred to our president.

A listing of each proxy voted will be updated at the time the proxy is voted.

Proxies will generally be voted online unless custodian requires mailed form.

In the absence of specific voting guidelines from the client, we will vote proxies in the best interest of each particular client.

We look to ensure that our firm is compliant with the new exchange act rule 14a-11. In accordance with the aforementioned rule, our firm provides shareholders with the opportunity to nominate directors at a shareholder meeting under the applicable state or foreign law. Clients also have the ability to have their nominees included in the company proxy materials sent to all of our shareholders. Furthermore, the clients as shareholders also have the ability to use the shareholder proposal process to establish procedures for the inclusion of shareholder director nominations in company proxy materials.

#### 2. Proxies voting guidelines.

Where voting authority exists, proxies are voted by our firm in the best interests of plan beneficiaries:

- for directors and for management on routine matters.
- for a limit on or reduction of the number of directors, and for an increase in the number of directors on a case by case basis.
- against the creation of a tiered board.
- for the elimination of cumulative voting.
- for independence of auditors
- for deferred compensation.
- for profit sharing plans.
- for stock option plans unless the plan could result in material dilution to shares outstanding or is excessive.
- for stock repurchases.
- for an increase in authorized shares unless the authorization effectively results in a blind investment pool for shareholders.
- for reductions in the par value of stock.
- for company name changes.

- for routine appointments of auditors.

We abstain on motions to limit directors' liability. Material issues not addressed above e.g., mergers, poison pills, social investing and miscellaneous shareholder proposals) are dealt with on a case-by-case basis.

(i) Description of whether (and, if so, how) our *clients* can direct our vote in a particular solicitation.

Our firm will defer to client voting policies as directed. Eligible shares are monitored against ballots received from custodians, and detailed records of all issues and votes are maintained and reported to clients as requested.

(ii) How we address conflicts of interest between our firm and *clients* are addressed with respect to voting their securities.

We recognize that under certain circumstances we may have a conflict of interest between us and our clients. Such circumstances may include, but are not limited to, situations where our firm or one or more of our affiliates, including officers, directors and employees, has or is seeking a client relationship with the issuer of the security that is the subject of the proxy vote. We shall periodically inform our employees that they are under an obligation to be aware of the potential for conflicts of interest on the part of our firm with respect to voting proxies on behalf of funds, both as a result of our employee's personal relationships and due to circumstances that may arise during the conduct of our business, and to bring conflicts of interest of which they become aware to the attention of the proxy manager. We shall not vote proxies relating to such issuers on behalf of client accounts until we have determined that the conflict of interest is not material or a method of resolving such conflict of interest has been agreed upon by our management team. A conflict of interest will be considered material to the extent that it is determined that such conflict has the potential to influence our decision-making in voting a proxy. Materiality determinations will be based upon an assessment of the particular facts and circumstances. If we determine that a conflict of interest is not material, we may vote proxies notwithstanding the existence of a conflict. If the conflict of interest is determined to be material, the conflict shall be disclosed to our management team and we shall follow the instructions of the management team. We shall keep a record of all materiality decisions and report them to the management team on an annual basis.

(iii) Description of how *clients* may obtain information from us about how we voted their securities.

Our firm generally submits votes electronically through [proxyvote.com](https://proxyvote.com) and relies on our ability to retrieve our voting history from them for producing our clients' records.

Our chief compliance officer will maintain files relating to our proxy voting procedures. Records will be maintained and preserved for five years from the end of the fiscal year during which the last entry was made on a record, with records for the last two years kept on our premises. Records of the following will be included in the files:

- copies of these proxy voting policies and procedures, and any amendments thereto.
- a copy of each proxy statement that we receive provided however that our firm may rely on obtaining a copy of proxy statements from the SEC's Edgar system for those proxy statements that are available.
- a record of each vote that we cast.
- a copy of any document we created that was material to making a decision how to vote proxies, or that memorializes that decision.
- a copy of each written client request for information on how we voted such client's proxies,

and a copy of any written response to any client request for information on how we voted their proxies.

(iv) How *clients* may obtain a copy of our proxy voting policies and procedures upon request.

Clients may request a copy of our written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting our chief compliance officer, Nathan R. Paulson, by phone at (630) 517-2950 or email at [npaulson@paulsonwealth.com](mailto:npaulson@paulsonwealth.com).

If we routinely rely on one or more third-party proxy voting services to advise you in connection with voting *client* securities, we are required to list the proxy voting services that we use,<sup>4</sup> describe how we select the proxy voting services, and explain whether we permit *clients* to direct the use of a particular proxy voting service with respect to the securities held in their accounts.

We do not pay for proxy voting services with soft dollars. Also, we do not charge an additional fee to vote proxies.

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<sup>4</sup> We do not need to identify a proxy voting service that a *client* directs us to use unless we also use the service for the purpose of voting the securities of other *clients*.

## **Item 18 Financial Information**

A. If we require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance. Therefore, we have not included a balance sheet for our most recent fiscal year.

B. If we are an SEC-registered adviser and have *discretionary authority or custody* of *client* funds or securities, or we require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to *clients*.

We have nothing to disclose in this regard.

C. If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.