

Item 1

Cover Page

Ashton Thomas Private Wealth, LLC

SEC File Number: 801 – 71512

ADV Part 2A, Firm Brochure

Dated: September 16, 2016

7154 E. Stetson Drive, Suite 210
Scottsdale, Arizona 85251
(602) 732-4745

This Brochure provides information about the qualifications and business practices of Ashton Thomas Private Wealth, LLC. If you have any questions about the contents of this Brochure, please contact us at (602) 732-4745. 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 Ashton Thomas Private Wealth, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Ashton Thomas Private Wealth, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

Since firm's last Annual Amendment filing on March 31, 2015, the firm has changed its legal name to Ashton Thomas Private Wealth, LLC. Aaron Brodt has become the sole owner of Ashton Thomas Management, LLC. Ashton Thomas Management, LLC, formerly known as Gentry Management, LLC continues to be the firm's sole owner.

Jay Esche became our Chief Compliance Officer in May 2016.

The firm has entered into a Sub-Advisory and Services agreement with Summit Advisor Solutions. Summit Advisor Solutions (Summit) is a sub-advisor that provides an advisory platform made up of a wide menu of third-party strategists and managers, including proprietary asset management services provided by Summit. The services provided by Summit are further described in Summit's disclosure brochure, a copy of which can be provided to clients, free of charge, upon request.

Item 3 Table of Contents

Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	<u>3</u>
Item 4	Advisory Business	<u>4</u>
Item 5	Fees and Compensation	<u>9</u>
Item 6	Performance-Based Fees and Side-by-Side Management	<u>12</u>
Item 7	Types of Clients.....	<u>12</u>
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	<u>12</u>
Item 9	Disciplinary Information	<u>14</u>
Item 10	Other Financial Industry Activities and Affiliations	<u>14</u>
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	<u>14</u>
Item 12	Brokerage Practices	<u>17</u>
Item 13	Review of Accounts.....	<u>19</u>
Item 14	Client Referrals and Other Compensation	<u>19</u>
Item 15	Custody.....	<u>20</u>
Item 16	Investment Discretion.....	<u>20</u>
Item 17	Voting Client Securities.....	<u>20</u>
Item 18	Financial Information	<u>21</u>

Item 4 Advisory Business

- A. Ashton Thomas Private Wealth (“Ashton Thomas”) is a limited liability company formed on March 10, 2010 in the State of Arizona. Ashton Thomas became registered as an Investment Adviser Firm in June 2010. Ashton Thomas is owned by Ashton Thomas Management LLC.
- B. As discussed below, Ashton Thomas offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services on a wrap-fee basis, and, to the extent specifically requested by a client, financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can determine to engage Ashton Thomas to provide discretionary investment advisory services on a wrap *fee* basis. (*See* discussion below). If a client determines to engage Ashton Thomas on a wrap fee basis, the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client’s particular need.

ASHTON THOMAS WRAP PROGRAM

Ashton Thomas provides investment management services on a wrap fee basis in accordance with Ashton Thomas’ investment management wrap fee program (the “Program”). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure a copy of which is presented to all prospective Program participants. Under the Program, Ashton Thomas is able to offer participants discretionary investment management services, for a specified annual Program fee, inclusive of trade execution, custody and reporting fees.

The wrap program fee will be charged as a percentage of assets under management, as follows:

<u>Market Value of Portfolio</u>	<u>Annual % Fee</u>
Up to \$250,000	2.00%
\$250,000 to \$750,000	1.50%
\$750,000 – \$1,500,000	1.25%
\$1,500,000 - \$5,500,000	1.00%
Over \$5,500,000	0.75%

All prospective Program participants should read both Ashton Thomas’ Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program. Clients may select either Fidelity Investments (“*Fidelity*”) or TD Ameritrade (“*Ameritrade*”) to serve as the custodian for their Program accounts. Please Note: Clients who select *Ameritrade* as their custodian for their Program account shall not be responsible for commission expenses but shall be responsible for transaction costs.

Ashton Thomas' annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Ashton Thomas), Ashton Thomas may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

Please Note: As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by Ashton Thomas for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs. Because Program transaction fees and/or commissions are being paid by Ashton Thomas to the account custodian/broker-dealer, Ashton Thomas could have an economic incentive to minimize the number of trades in the client's account. Ashton Thomas' Chief Compliance Office remains available to address any questions that a client or prospective client may have regarding the corresponding conflict of interest a wrap fee arrangement may create.

Please Note: Ashton Thomas may determine to utilize *Independent Manager[s]* in conjunction with its Wrap Fee Program. The fees for such managers and their services are in addition to the fees described below, however, the total advisory fee for an account utilizing these managers shall not exceed 2.99% per annum.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, Ashton Thomas may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Ashton Thomas' planning and consulting fees are negotiable, but generally range from \$2,500 to \$25,000 on a fixed fee basis, and from \$250 to \$1,000 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging Ashton Thomas to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Ashton Thomas setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Ashton Thomas commencing services. If requested by the client, Ashton Thomas may recommend the services of other professionals for implementation purposes, including certain of Ashton Thomas' representatives in their individual capacities as registered representatives and/or as licensed insurance agents. (*See* disclosure at Item 10C below). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Ashton Thomas. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional and not Ashton Thomas. Clients are also reminded that they have certain rights under state and federal laws and nothing contained above shall be deemed a waiver of those rights. **Please Also Note:** Each client is advised that it remains the client's responsibility to promptly notify Ashton Thomas if there is ever any change in client's financial situation or investment objectives for the purpose of

reviewing/evaluating/revising Ashton Thomas' previous recommendations and/or services.

MISCELLANEOUS

Non-Investment Consulting/Implementation Services. If requested by the client, Ashton Thomas *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Ashton Thomas, nor any of its representatives, serves as an attorney or accountant and no portion of Ashton Thomas' services should be construed as same. To the extent requested by a client, Ashton Thomas may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of Ashton Thomas in their separate registered/licensed capacities as discussed. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Ashton Thomas. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** Each client is advised that it remains the client's responsibility to promptly notify Ashton Thomas if there is ever any change in client's financial situation or investment objectives for the purpose of reviewing/evaluating/revising Ashton Thomas' previous recommendations and/or services.

Alternative Investments. Ashton Thomas may provide investment advice regarding unaffiliated alternative investments. Ashton Thomas' role relative to the alternative investments shall be limited to its initial and ongoing due diligence and investment monitoring. If a client determines to become an alternative investment investor, the amount of assets invested may be included as part of "assets under management" for purposes of Ashton Thomas calculating its investment advisory fee.

Conflicts of Interest: If requested, the client can engage certain of Ashton Thomas' representatives, in their individual capacities as broker-dealer registered representatives to implement investments on a commission basis in alternative investments. Ashton Thomas is not a broker-dealer and any such engagement would be outside the client's relationship with Ashton Thomas and at the volition of the client. Certain of Ashton Thomas' related persons have financial interests and/or warrants to purchase additional interests in the same alternative investments.

To address these **material conflicts of interest:**

1. Ashton Thomas does not recommend that clients allocate investment assets in any alternative investments in which Ashton Thomas and/or its related persons also have a financial interest;
2. Ashton Thomas does not have, nor will it exercise, any discretionary authority to place any client assets in any alternative investments in which Ashton Thomas and/or its related persons also have a financial interest;
3. Ashton Thomas reminds its clients in Form ADV where appropriate, and before they consider allocating investment assets that they are under

absolutely no obligation to consider or make an investment in alternative investments;

4. Before a client allocates investment assets in any alternative investment in which Ashton Thomas and/or its related persons also have a financial interest, clients are required to sign an alternative investment acknowledgment form, which identifies the particular alternative investment and/or alternative investment company at issue and the conflicts associated with the sale of that particular investment; and
5. Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above material conflicts of interest.

Please Note: The above 1-5 apply to Ashton Thomas in its capacity as a registered investment adviser. It does not exclude its representatives from offering such alternative investments in their separate individual capacities as registered representatives. Regardless, such offer presents a material conflict of interest.

Please Note: Alternative investments generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each alternative investment's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, alternative investments do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the alternative investment, and acknowledges and accepts the various risk factors that are associated with such an investment.

Please Also Note: Valuation. The value(s) for all alternative investments owned by the client shall reflect the most recent valuation provided by the investment sponsor or custodian. If no subsequent valuation post purchase is provided by the investment sponsor or custodian, then the valuation shall reflect initial purchase price. If the valuation reflects the initial purchase price (and/or a value as of a previous date), then the current value(s) (to the extent ascertainable) could be significantly more or less than original purchase price. If, in the rare instance that Ashton Thomas believes that it should undertake an analysis of the value provided, Ashton Thomas will base such analysis on its knowledge of the security and current market conditions, and, to the extent available/applicable, compare the value to similarly situated publicly traded companies. If Ashton Thomas receives information it deems material to the value of the alternative investment, it shall take reasonable measures to confirm such information with the investment sponsor and contact the client to communicate such information.

Retirement Rollovers-No Obligation/Conflict of Interest: A client or prospective client is under no obligation to engage Ashton Thomas as the investment adviser for his/her employer sponsored retirement account. Rather, a client can continue to self-direct his/her retirement account at his/her employer. If the client determines that he/she would like Ashton Thomas' assistance, Ashton Thomas shall charge a separate and additional advisory fee for its ongoing advisory services. The client will not incur this separate and additional advisory fee if he/she determines to continue to self-direct his/her account. As a result, any recommendation by Ashton Thomas that a client engage Ashton

Thomas to manage his/her retirement account presents a conflict of interest since Ashton Thomas shall derive an economic benefit from such engagement. Again, a client is under no obligation to engage Ashton Thomas as the investment adviser for his/her retirement account. In providing advice to a client with regard to the client's employer retirement account, Ashton Thomas is not advising the employer's plan and is not acting as a fiduciary to the employer's plan under ERISA. Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.

Use of Mutual Funds: Most mutual funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that may be recommended and/or utilized by Ashton Thomas independent of engaging Ashton Thomas as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Ashton Thomas' initial and ongoing investment advisory services.

Independent Managers. Ashton Thomas may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. Ashton Thomas shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Ashton Thomas shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

Certain *Independent Manager[s]* may offer their services as a Unified Managed Account (UMA) platform or as a Separately Managed Account (SMA) platform, or both.

Within a UMA platform environment, the *Independent Manager* makes available a menu of investment models and strategies maintained by Third-Party Money Managers (TPMMs). The TPMMs maintain model portfolios and provide allocation and trade instructions/signals to the *Independent Manager* of the UMA platform. The *Independent Manager* then implements the allocation or trade instruction/signal within the client's UMA platform accounts for those clients subscribed to such TPMM's model portfolios. At no time does a TPMM on the UMA platform have any advisory relationship with the client or have control or discretion of client assets. Trade discretion lies with the *Independent Manager*, whose authority is derived from the advisory agreement in place between the client and Ashton Thomas. In addition, the *Independent Manager* has the authority to substitute any security recommended by TPMM for a security which the *Independent Manager* has determined is more suitable for the model and/or the individual client account.

Within an SMA platform environment, the *Independent Manager* makes available a menu of Portfolio Managers offered through separate accounts and managed by the Portfolio Manager. Portfolio Managers do have authority and discretion of the assets in the separately managed accounts and effect trades in such accounts in accordance with the intended objectives of their stated investment strategy. Trade discretion lies with the Portfolio Manager, whose authority is derived from the advisory agreement in place between the client and Ashton Thomas.

The *Independent Manager[s]* may offer a platform which includes both UMA and SMA services. *Independent Manager[s]* may provide other back-office and administrative services for Ashton Thomas. *Independent Manager[s]* firm disclosure brochure will be made available to you, at no charge, upon request. You may opt for Ashton Thomas to receive any *Independent Manager[s]* firm disclosure brochure on your behalf, if you so choose.

Client Obligations. In performing its services, Ashton Thomas shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Ashton Thomas if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Ashton Thomas' previous recommendations and/or services.

- C. Ashton Thomas shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Ashton Thomas shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on Ashton Thomas' services.
- D. Ashton Thomas only manages client accounts on a wrap fee basis. As stated above, if a client determines to engage Ashton Thomas on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody) (*See* Item 4.B). The services included in a wrap fee agreement will depend upon each client's particular need. Please Note: When managing a client's account on a wrap fee basis, Ashton Thomas, after its payment of all other costs included in the wrap fee (transaction fees, custodial charges, etc.), shall retain the balance of the wrap fee as compensation for its services. Accordingly, Ashton Thomas has a conflict of interest because it has an economic incentive to minimize the number of transactions/total costs in the client's account in order to maximize its compensation.
- E. As of December 31, 2015, Ashton Thomas had \$137,251,635 in assets under management on a discretionary basis and \$70,316,219 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

A.

ASHTON THOMAS WRAP PROGRAM FEES

If a client determines to engage Ashton Thomas to provide investment management services on a wrap fee basis in accordance with Ashton Thomas' Program, the services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, Ashton Thomas is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution and reporting.

J). The wrap fee will be charged as a percentage of assets under management, as follows:

<u>Market Value of Portfolio</u>	<u>Annual % Fee</u>
Up to \$250,000	2.00%
\$250,000 - \$750,000	1.50%
\$750,001 - \$1,500,000	1.25%
\$1,500,001 - \$5,500,000	1.00%
Over \$5,500,000	0.75%

Ashton Thomas, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Unaffiliated Independent Investment Managers: As described in Item 4 (see “Miscellaneous – Independent Managers”), Ashton Thomas may recommend the services of unaffiliated independent investment managers. The fees for such managers and their services are in addition to the fees described above, however, the total advisory fee for an account utilizing these managers shall not exceed 2.99% per annum. The specific fee for each manager is provided in your Ashton Thomas Private Wealth, LLC Investment Advisory Agreement.

Conflict of Interest: Because Program transaction fees and/or commissions are being paid by Ashton Thomas to the account custodian/broker-dealer, Ashton Thomas has an economic incentive to minimize the number of trades in the client's account. Ashton Thomas’ Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the corresponding conflict of interest a wrap fee arrangement may create.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, Ashton Thomas may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, such as estate planning, insurance planning, etc.) on a stand-alone fee basis. Ashton Thomas’ planning and consulting fees are negotiable, but generally range from \$2,500 to \$25,000 on a fixed fee basis, and from \$250 to \$1,000 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have Ashton Thomas’ advisory fees deducted from their custodial account. Both Ashton Thomas’ *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Ashton Thomas’ investment advisory fee and to directly remit that management fee to Ashton Thomas in compliance with regulatory procedures. In the limited event that Ashton Thomas bills the client directly, payment is due upon receipt of Ashton Thomas’ invoice. Ashton Thomas shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client’s circumstances require, Ashton Thomas shall generally recommend that *Fidelity* and/or *TD Ameritrade* serve as the broker-dealer/custodian for client investment management

assets. Broker-dealers such as *Fidelity* and/or *Ameritrade* charge brokerage commissions and/or 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 fixed income securities transactions). In addition to Ashton Thomas' investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

Participants in the Ashton Thomas Wrap Program will not incur brokerage commissions and/or transaction fees in addition to the program fees (with the exception of those clients who participate in the Ashton Thomas Advisory Wrap Program who select *Ameritrade* as their account custodian – those clients will not incur brokerage commissions but will incur transaction fees).

Participants in the wrap programs will incur certain charges and administrative fees, including, but not limited to, fees charged by *Independent Managers*, transaction charges (including mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than the custodian, alternative investment fees, wire fees, short term redemption fees, bond concessions, and loads. Participants may also incur transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program's wrap fee.

Tradeaway/Prime Broker Fees. Relative to its discretionary investment management services, when beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (*Fidelity* and/or *Ameritrade*).

- D. Ashton Thomas' annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. Ashton Thomas, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between Ashton Thomas and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, Ashton Thomas shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage certain of Ashton Thomas' representatives, in their individual capacities as registered representatives to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through a broker-dealer, the broker-dealer will charge brokerage commissions to effect securities transactions, the majority of which commissions the broker-dealer will pay to the registered representatives. The brokerage commissions charged by the broker-dealer may

be higher or lower than those charged by other broker-dealers. In addition, the registered representative may also receive additional ongoing 12b-1 trailing commission compensation directly from mutual fund companies during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest**: The recommendation that a client purchase a commission product through a broker-dealer from which the Ashton-Thomas representative is also a registered representative of such broker-dealer presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's needs. No client is under any obligation to purchase any commission products through such a broker-dealer. Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.
2. **Please Note**: Clients may purchase investment products recommended by Ashton Thomas through other non-affiliated broker dealers or agents.
3. Ashton Thomas does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products Ashton Thomas recommends to its clients.
4. When Ashton Thomas' representatives sell an investment product on a commission basis, Ashton Thomas does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Ashton Thomas' representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). However, a client may engage Ashton Thomas to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Ashton Thomas' representatives on a separate commission basis.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither Ashton Thomas nor any supervised person of Ashton Thomas accepts performance-based fees.

Item 7 Types of Clients

Ashton Thomas' clients shall generally include individuals, business entities, trusts, estates, and charitable organizations.

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

- A. Ashton Thomas may utilize the following methods of security analysis:
 - **Charting** - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

Ashton Thomas may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

Please Note: Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Ashton Thomas) will be profitable or equal any specific performance level(s).

- B. Ashton Thomas' methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis Ashton Thomas must have access to current/new market information. Ashton Thomas has no control over the dissemination rate of market information; therefore, unbeknownst to Ashton Thomas, certain analyses may be compiled with outdated market information, severely limiting the value of Ashton Thomas' analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Ashton Thomas' primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy. In addition to the fundamental investment strategies discussed above, Ashton Thomas may also implement and/or recommend – use of margin and/or options transactions. Each of these strategies has a high level of inherent risk. (*See discussion below*).

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by Ashton Thomas shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. Please Note: Although the intent of the options-related transactions that may be implemented by Ashton Thomas is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Ashton Thomas, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- C. Currently, Ashton Thomas primarily allocates client investment assets among various mutual funds and/or exchange traded funds and *Independent Manager[s]*, on a discretionary basis in accordance with the client's designated investment objective(s). *Independent Manager[s]* may offer strategies that utilize, but are not limited to, stocks, bonds, options, and alternative investments. (See *Independent Manager[s]* above).

Item 9 Disciplinary Information

Ashton Thomas has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. As disclosed above in Item 5.E, certain of Ashton Thomas' representatives are also registered representatives of unaffiliated broker-dealers.
- B. Neither Ashton Thomas, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Registered Representatives of unaffiliated broker-dealers.** As disclosed above in Item 5.E, certain of Ashton Thomas' representatives are also registered representatives of unaffiliated broker-dealers. Clients may choose to engage certain of Ashton Thomas' representatives, in their individual capacities as registered representatives of such broker-dealers, to effect securities brokerage transactions on a commission basis.

Licensed Insurance Agents. Certain of Ashton Thomas' representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. Clients may choose to engage these representatives, in their individual capacities as insurance agents, to purchase insurance products on a commission basis.

Conflict of Interest: The recommendation by Ashton Thomas' representatives that a client purchase a security or insurance product for a commission presents a conflict of

interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. Clients are under no obligation to purchase such commissionable products from any Ashton Thomas' representatives. Clients are reminded that they may purchase securities and/or insurance products recommended by Ashton Thomas through other non-affiliated registered representatives of broker-dealers or insurance agents. Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

- D. Ashton Thomas does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Ashton Thomas maintains an investment policy relative to its investment adviser representative's personal securities transactions. This investment policy is part of Ashton Thomas' overall Code of Ethics, which serves to establish a standard of business conduct for all of Ashton Thomas' representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Ashton Thomas also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Ashton Thomas or any person associated with Ashton Thomas.

- B. Except as stated immediately below, neither Ashton Thomas nor any related person of Ashton Thomas recommends, buys, or sells for client accounts, securities in which Ashton Thomas or any related person of Ashton Thomas has a material financial interest:

Conflicts of Interest – Alternative Investments. If requested, the client can engage certain of Ashton Thomas' representatives, in their individual capacities as registered representatives of unaffiliated broker-dealers, to implement investments on a commission basis in alternative investments. Certain of Ashton Thomas' related persons have financial interests and/or warrants to purchase additional interests in the same alternative investments.

The recommendation by Ashton Thomas' related persons that clients purchase interests in alternative investments on a commission basis presents a material conflict of interest. Specifically when the representative has a personal interest in the offering, the Ashton Thomas' related persons may have the incentive to recommend that a client make such an investment based upon the overall success of the alternative investment in which Ashton Thomas' related persons have a personal interest, as opposed to a particular client's need.

To address these **material conflicts of interest**:

1. Ashton Thomas does not recommend that clients allocate investment assets in any alternative investments in which Ashton Thomas and/or its related persons also have a financial interest;

2. Ashton Thomas does not have, nor will it exercise, any discretionary authority to place any client assets in any alternative investments in which Ashton Thomas and/or its related persons also have a financial interest;
3. Ashton Thomas reminds its clients in Form ADV where appropriate, and before they consider allocating investment assets that they are under absolutely no obligation to consider or make an investment in alternative investments;
4. Before a client allocates investment assets in any alternative investments in which Ashton Thomas and/or its related persons also have a financial interest, clients are required to sign an alternative investment acknowledgment form, which identifies the particular alternative investment at issue and the conflicts associated with the sale of that particular alternative investment; and
5. Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above material conflicts of interest.

Please Note: The above 1-5 apply to Ashton Thomas in its capacity as a registered investment adviser. It does not exclude its representatives from offering such alternative investments in their separate individual capacities as registered representatives. Regardless, such offer presents a material conflict of interest.

- C. Ashton Thomas and/or representatives of Ashton Thomas may buy or sell securities that are also recommended to clients, which purchases may be made in the separate capacity as a registered representative of a broker-dealer. In fact, as stated above, Ashton Thomas' related persons have financial interests in some of the alternative investments that they recommend on a commission in their separate capacities as registered representatives. This practice may create a situation where Ashton Thomas and/or representatives of Ashton Thomas are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a material conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Ashton Thomas did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Ashton Thomas' clients) and other potentially abusive practices.

To address this material conflict of interest, Ashton Thomas has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Ashton Thomas' "Access Persons." Ashton Thomas' securities transaction policy requires that an Access Person of Ashton Thomas must provide the firm with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the firm with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Ashton Thomas selects; provided, however that at any time that Ashton Thomas has only one Access Person, he or she shall not be required to submit any securities report described above. Further, all Access Persons must submit to a pre-clearance review before investing in any alternative investments that are also recommended by Ashton Thomas' related persons in their separate capacities as registered representatives of a broker-dealer. Finally, an Access Person is also required to

obtain the pre-approval from the firm before engaging in any outside business activities that may be required for the Access Person to acquire an interest in an alternative investment or alternative investment company. Ashton Thomas' personal securities transaction policy dictates that any proposed transaction will not be pre-approved by the firm if it would constitute or result in "scalping," "front-running," or other potentially abusive practices to the detriment of Ashton Thomas' clients.

- D. Ashton Thomas and/or representatives of Ashton Thomas (in the capacity as an investment advisor representative of Ashton Thomas or in a separate and individual capacity as a registered representative of a broker-dealer) may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Ashton Thomas and/or representatives of Ashton Thomas are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C., Ashton Thomas has a personal securities transaction policy, which prohibits any potential trades that would constitute or result in "scalping," "front-running," or other potentially abusive practices to the detriment of Ashton Thomas' clients.

Item 12 Brokerage Practices

- A. In the event that the client requests that Ashton Thomas recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Ashton Thomas to use a specific broker-dealer/custodian), Ashton Thomas generally recommends that investment management accounts be maintained at *Fidelity* and/or *Ameritrade*. Prior to engaging Ashton Thomas to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Ashton Thomas setting forth the terms and conditions under which Ashton Thomas shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Ashton Thomas considers in recommending *Fidelity* and/or *Ameritrade* (or any other broker-dealer/custodian to clients) include historical relationship with Ashton Thomas, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Ashton Thomas' clients shall comply with Ashton Thomas' duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Ashton Thomas determines, in good faith, that the commission/transaction fee is reasonable. 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 Ashton Thomas will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Ashton Thomas' investment management fee. Ashton Thomas' best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits. Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Ashton Thomas may receive from *Fidelity* and/or *Ameritrade* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist Ashton Thomas to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Ashton Thomas may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Ashton Thomas in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist Ashton Thomas in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Ashton Thomas to manage and further develop its business enterprise.

Ashton Thomas' clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity* and/or *Ameritrade* as a result of this arrangement. There is no corresponding commitment made by Ashton Thomas to *Fidelity* and/or *Ameritrade* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

2. Ashton Thomas does not receive referrals from broker-dealers.
3. Ashton Thomas does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements the client will negotiate terms and arrangements for their account with that broker-dealer, and Ashton Thomas will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Ashton Thomas. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs Ashton Thomas to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Ashton Thomas.

Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that Ashton Thomas provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Ashton Thomas decides to purchase or sell the same securities for several clients at approximately the same time. Ashton Thomas may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Ashton Thomas' clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Ashton Thomas shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Ashton Thomas provides investment supervisory services, account reviews are conducted on an ongoing basis by Ashton Thomas' Principal and representatives. All investment supervisory clients are advised that it remains their responsibility to advise Ashton Thomas of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Ashton Thomas on an annual basis.
- B. Ashton Thomas may conduct account reviews on an other-than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and/or regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Ashton Thomas may also provide a written periodic report summarizing account activity and performance. We urge our clients to compare the statements they receive from us with those received from the custodian.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, Ashton Thomas may receive an indirect economic benefit from *Fidelity* and/or *Ameritrade*. Ashton Thomas, without cost (and/or at a discount), may receive support services and/or products from *Fidelity* and/or *Ameritrade*.

Ashton Thomas' clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity* and/or *Ameritrade* as a result of this arrangement. There is no corresponding commitment made by Ashton Thomas to *Fidelity* and/or *Ameritrade* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Although not a material consideration when determining whether to recommend that a client purchase a specific investment product, Ashton Thomas may receive from a particular investment product sponsor (i.e., a mutual fund company, variable investment product sponsor, etc.) financial support that may assist the Ashton Thomas with client marketing events. Financial support received from a sponsor to conduct a specific marketing event could exceed the total cost of the specific event. However, there is no corresponding commitment made by Ashton Thomas, to any such product sponsor that its financial support will result in a certain level of sales production of their products to Ashton Thomas' clients. The receipt of financial support that may be received by Ashton Thomas is in addition to the commission compensation received by certain of Ashton Thomas' representatives when selling an investment product, in their individual capacities as registered representatives.

Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. Neither Ashton Thomas nor any related person of Ashton Thomas directly or indirectly compensates any person for client referrals.

Item 15 Custody

Ashton Thomas shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and/or regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Ashton Thomas may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that Ashton Thomas provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Ashton Thomas with the account statements received from the account custodian. Please Also Note: The account custodian does not verify the accuracy of Ashton Thomas' advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage Ashton Thomas to provide investment advisory services on a discretionary basis. Prior to Ashton Thomas assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Ashton Thomas as the client's attorney and agent in fact, granting Ashton Thomas full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Ashton Thomas on a discretionary basis may, at any time, impose restrictions, in writing, on Ashton Thomas' discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Ashton Thomas' use of margin, etc.).

Item 17 Voting Client Securities

- A. Ashton Thomas does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Ashton Thomas to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. Ashton Thomas does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Ashton Thomas is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Ashton Thomas has not been the subject of a bankruptcy petition.

ANY QUESTIONS: Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.