

# Disclosure Brochure

March 17, 2015

## PLANNING SOLUTIONS GROUP, LLC



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This brochure provides information about the qualifications and business practices of Planning Solutions Group, LLC (hereinafter "PSG"). If you have any questions about the contents of this brochure, please contact Robert H. Carson at (301) 543-6000. 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 Planning Solutions Group, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Planning Solutions Group, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.



## Item 2. Material Changes

This item discusses only the material changes that have occurred since PSG's last update dated March 10, 2014. While the format and general language of the brochure have been overhauled, no material changes have been made to the substance of this document.



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## Item 4. Advisory Business

PSG has been in business as an independent registered investment adviser since November 2010 and is principally owned by PSG Companies, LLC. As of December 31, 2014, PSG had approximately \$517,160,050 in assets under management, of which \$516,898,022 was managed on a discretionary basis and \$262,028 was managed on a non-discretionary basis.

PSG provides financial planning, consulting, and investment management services. Prior to engaging PSG to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with PSG setting forth the terms and conditions under which PSG renders its services (collectively the “*Agreement*”).

This Disclosure Brochure describes the business of PSG. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of PSG’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on PSG’s behalf and is subject to PSG’s supervision or control.

### Financial Planning Services

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PSG may provide its clients with a broad range of comprehensive financial planning and consulting services. These services include business planning, investments, retirement, education, and estate planning needs of the client.

In performing its services, PSG is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. PSG may recommend the services of itself, its *Supervised Persons* in their individual capacities as registered representatives of a broker-dealer, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if PSG recommends its own services. The client is under no obligation to act upon any of the recommendations made by PSG under a financial planning or consulting engagement or to engage the services of any such recommended professional, including PSG itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of PSG’s recommendations. Clients are advised that it remains their responsibility to promptly notify PSG if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising PSG’s previous recommendations and/or services.

### Investment Management Services

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Clients can engage PSG to manage all or a portion of their assets on a discretionary basis.

PSG primarily allocates clients’ investment management assets among *Independent Managers* (as defined below), mutual funds, exchange-traded funds (“ETFs”), individual debt and equity securities



and/or options as well as the securities components of variable annuities and variable life insurance contracts in accordance with the investment objectives of the client. In addition, PSG may recommend that clients who are “accredited investors” as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients’ investment objectives. PSG also provides advice about any type of investment held in clients’ portfolios.

PSG also may render discretionary or non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, or other products that may not be held by the client’s primary custodian. In so doing, PSG either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

PSG tailors its advisory services to the individual needs of clients. PSG consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients’ investment needs. PSG ensures that clients’ investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify PSG if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon PSG’s management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in PSG’s sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

## **Use of Independent Managers**

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As mentioned above, PSG recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers (“*Independent Managers*”), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between PSG or the client and the designated *Independent Managers*. PSG renders services to the client relative to the discretionary selection of *Independent Managers*. PSG also monitors and reviews the account performance and the client’s investment objectives. PSG receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When selecting an *Independent Manager* for a client, PSG reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager’s* investment strategies, past



performance and risk results to the extent available. Factors that PSG considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, PSG's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by PSG, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to PSG's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than PSG. In such instances, PSG may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

If PSG refers a client to an *Independent Manager* where PSG's compensation is included in the advisory fee charged by such *Independent Manager* and the client engages the *Independent Manager*, PSG is compensated for its services by receipt of a fee to be paid directly by the *Independent Manager* to PSG in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities laws, rules, regulations, or requirements. Any such fee is paid solely from the *Independent Manager's* investment management fee, and does not result in any additional charge to the client.



## Item 5. Fees and Compensation

PSG offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. Additionally, certain of PSG's *Supervised Persons*, in their individual capacities, may offer securities brokerage services and insurance products under a commission arrangement.

### Financial Planning Fees

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PSG may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$500 to \$50,000 on a fixed fee basis and/or from \$200 to \$1,000 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages PSG for additional investment advisory services, PSG may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging PSG to provide financial planning and/or consulting services, the client is required to enter into a written agreement with PSG setting forth the terms and conditions of the engagement. Generally, PSG requires the financial planning fee (estimated hourly or fixed) payable upon entering the written agreement.

### Investment Management Fees

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PSG provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by PSG. PSG's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. PSG does not, however, receive any portion of these commissions, fees, and costs. Generally, for assets held at the firm's primary custodian, PSG's annual fee is prorated and charged quarterly, in arrears, based upon the average daily balance of the assets during the previous billing period. For other held-away accounts, PSG's annual fee is prorated and generally charged quarterly, in arrears, based upon the closing account value on the last day of the previously billing period. The overall annual fee varies (between 0.50% and 2.50%) depending upon the market value of the assets under management

PSG, in its sole discretion, may negotiate to charge a lesser 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, pre-existing client, account retention, *pro bono* activities, etc.).



## **Fees Charged by Financial Institutions**

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As further discussed in response to Item 12 (below), PSG generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") for investment management accounts.

PSG may only implement its investment management recommendations after the client has arranged for and furnished PSG with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Fidelity*, any other broker-dealer recommended by PSG, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to PSG's fee.

## **Fee Debit**

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PSG's *Agreement* and the separate agreement with any *Financial Institutions* may authorize PSG or *Independent Managers* to debit the client's account for the amount of PSG's fee and to directly remit that management fee to PSG or the *Independent Managers*. Any *Financial Institutions* recommended by PSG have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to PSG.

## **Fees for Management During Partial Quarters of Service**

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For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between PSG and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. PSG's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to PSG's right to terminate an account. Additions may be in cash or securities provided that PSG reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to PSG, subject to the usual and customary securities settlement procedures. However, PSG designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. PSG may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that





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

## **Commissions or Sales Charges for Recommendations of Securities**

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Clients can engage certain persons associated with PSG (but not PSG) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with PSG. Under this arrangement, clients may implement securities transactions through certain of PSG's *Supervised Persons* in their respective individual capacities as registered representatives of Triad Advisors, Inc. ("*Triad*"), an SEC registered broker-dealer and member of FINRA. *Triad* may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by *Triad* to such *Supervised Persons*. Prior to effecting any transactions clients are required to enter into a new account agreement with *Triad*. The brokerage commissions charged by *Triad* may be higher or lower than those charged by other broker-dealers. In addition, certain of PSG's *Supervised Persons* may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment. PSG's *Supervised Persons* may recommend no-load funds. PSG does not charge an advisory fee on the same assets for which its *Supervised Persons* receive commissions.

A conflict of interest exists to the extent that PSG recommends the purchase of securities where PSG's *Supervised Persons* receive commissions or other additional compensation as a result of PSG's recommendations. PSG has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients.

For accounts covered by ERISA (and such others that PSG, in its sole discretion deems appropriate), PSG provides its investment advisory services on a fee-offset basis. In this scenario, PSG may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by PSG's *Supervised Persons* in their individual capacities as registered representatives of *Triad*.



## **Item 6. Performance-Based Fees and Side-by-Side Management**

PSG does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.



## Item 7. Types of Clients

PSG provides its services to individuals, pension and profit sharing plans, trusts, estates, corporations and business entities.

### Minimum Account Size

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As a condition for starting and maintaining a relationship, PSG generally imposes a minimum portfolio size of \$50,000. PSG, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities. PSG only accepts clients with less than the minimum portfolio size if, in the sole opinion of PSG, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. PSG may aggregate the portfolios of family members to meet the minimum portfolio size.

Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than PSG. In such instances, PSG may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.



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

### Methods of Analysis

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PSG's primary methods of analysis are fundamental, technical and cyclical analysis.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. PSG will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that PSG will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company that PSG is recommending. The risks with cyclical analysis are similar to those of technical analysis.

### Investment Strategies

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PSG implements an investment policy based on the client's risk tolerance and specific goals. An asset allocation method is employed to manage client assets. PSG believes that a majority of the risk and return in a client's portfolio is derived from the asset classes that the portfolio contains. PSG strives to determine the mix of asset classes that best meet the client's needs. Potential return and risk factors are also considered when selecting the asset classes.

Once the asset allocation decision is made, the advisor generally invests using mutual funds or separate account managers. However, the advisor may recommend ETFs, individual stocks and/or individual bonds for inclusion in a client's portfolio.

Mutual funds are evaluated based on several factors including asset class, the manager's tenure, the manager's approach to investing, the manager's past performance, as well as the fund's fees and expenses. Similar factors are considered when selecting separate account managers. ETFs and individual stocks may be used to gain exposure to an asset class. When selecting individual stocks, PSG considers several factors including asset class, industry, and market capitalization.



Individual bonds are selected based on factors including: issuer credit rating, maturity, duration, yield to maturity, yield to worst call, and income/yield.

## Risks of Loss

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### *Mutual Funds and Exchange Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Options*

In certain circumstances, PSG may recommend clients utilize options. Options allow investors to buy or sell a security at a contracted "strike" price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.



## *Market Risks*

The profitability of a significant portion of PSG's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that PSG will be able to predict those price movements accurately.

## *Use of Independent Managers*

PSG may recommend the use of *Independent Managers* for certain clients. PSG will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Manager's* ability to successfully implement their investment strategy. In addition, PSG does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

## *Use of Private Collective Investment Vehicles*

PSG may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called "hedge funds"). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

## *Use of Margin*

To the extent that a client authorizes the use of margin, and margin is thereafter employed by PSG in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to PSG will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin shall correspondingly increase the management fee payable to PSG. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client's portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client's securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client's obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's



borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.



## **Item 9. Disciplinary Information**

PSG is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. PSG does not have any required disclosures to this Item.





## Item 10. Other Financial Industry Activities and Affiliations

PSG is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. PSG has described such relationships and arrangements below.

### **Affiliated Registered Investment Adviser**

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PSG is under common control and ownership with PSG Investment Advisors, LLC ("*PSG IA*"), an SEC registered investment adviser which serves as the manager of the PSG Tactical Growth Fund (the "*PSG Fund*"). The *PSG Fund* is a non-diversified series of PSG Capital Management Trust (the "*PSG Trust*"), an open-end investment company registered with the SEC. Certain of PSG's *Supervised Persons*, as defined in Item 4, serve in the same or similar capacities with *PSG IA*, the *PSG Fund* and/or the *Trust*. A conflict of interest exists to the extent PSG recommends its individual advisory clients invest in the *PSG Fund* due to underlying financial incentive to make such a recommendation. PSG seeks to ensure that all investment decisions are aligned with its clients' best interests.

### **Interested Persons of the Trust**

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Certain of the firm's *Supervised Persons* serve as trustees and/or executive officers of the *PSG Trust* and may be considered to be "interested persons," as defined by the Investment Company Act, due to their affiliation with PSG and/or *PSG IA*. While no interested person receives any compensation for their services as trustee and/or executive officer, at least one such *Supervised Person*, in this capacity, is responsible for overseeing the *Fund* portfolio, which may pose a potential conflict of interest. In an effort to ensure independence, the business of the *Trust* is managed under the direction of the Board of Trustees, which includes a number of trustees who are not interested persons.

### **Affiliated Family Office**

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PSG is under common control with PSG Family Office, LLC ("*PSG Family Office*"), which offers traditional family office services. A conflict of interest exist to the extent *PSG Family Office* recommends its individual clients invest in the *Fund* due to the underlying financial incentive to make such a recommendation.

### **Registered Representative of a Broker-Dealer**

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A number of the Firm's *Supervised Persons* are registered representatives of Triad Advisors, Inc. ("*Triad*"), an SEC registered broker-dealer and member of FINRA/SIPC. In this capacity, they may provide securities brokerage services under a separate commission based arrangement, as discussed in Item 4.



### **Licensed Insurance Agents**

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Certain of PSG's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While PSG does not sell such insurance products to its investment advisory clients, PSG does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that PSG recommends the purchase of insurance products where PSG's *Supervised Persons* receive insurance commissions or other additional compensation.



## Item 11. Code of Ethics

PSG and persons associated with PSG (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with PSG’s policies and procedures.

PSG has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by PSG or any of its associated persons. The *Code of Ethics* also requires that certain of PSG’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in PSG’s *Code of Ethics*, none of PSG’s *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of PSG’s clients.

When PSG is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when PSG is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact PSG to request a copy of its *Code of Ethics*.



## Item 12. Brokerage Practices

As discussed above, in Item 5, PSG generally recommends that clients utilize the brokerage and clearing services of *Fidelity*.

Factors which PSG considers in recommending *Fidelity* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity* enables PSG to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. In addition, *Fidelity* has agreed to compensate clients for any transfer fees that may be assessed for moving their account(s) to *Fidelity*. The commissions and/or transaction fees charged by *Fidelity* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by PSG's clients comply with PSG's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where PSG determines that the commissions are 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 *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. PSG seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

PSG periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct PSG in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and PSG will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by PSG (as described below). As a result, the 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. Subject to its duty of best execution, PSG may decline a client's request to direct brokerage if, in PSG's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless PSG decides to purchase or sell the same securities for several clients at approximately the same time. PSG may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among PSG's 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 generally be averaged as to price and allocated among PSG's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that PSG



determines to aggregate client orders for the purchase or sale of securities, including securities in which PSG's *Supervised Persons* may invest, PSG generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. PSG does not receive any additional compensation or remuneration as a result of the aggregation. In the event that PSG determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, PSG may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist PSG in its investment decision-making process. Such research generally will be used to service all of PSG's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because PSG does not have to produce or pay for the products or services.

#### **Commissions or Sales Charges for Recommendations of Securities**

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As discussed above, certain *Supervised Persons* in their respective individual capacities, are registered representatives of *Triad*. These *Supervised Persons* are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless *Triad* provides written consent. Therefore, clients are advised that certain *Supervised Persons* may be restricted to conducting securities transactions through *Triad* unless they first secure written consent from *Triad* to execute securities transactions through a different broker-dealer. Absent such written consent or separation from *Triad*, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than *Triad* under *Triad's* internal supervisory policies. PSG is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.



### **Software and Support Provided by Financial Institutions**

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PSG may receive from *Fidelity*, without cost to PSG, computer software and related systems support, which allow PSG to better monitor client accounts maintained at *Fidelity*. PSG may receive the software and related support without cost because PSG renders investment management services to clients that maintain assets at *Fidelity*. The software and related systems support may benefit PSG, but not its clients directly. In fulfilling its duties to its clients, PSG endeavors at all times to put the interests of its clients first. Clients should be aware, however, that PSG's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence PSG's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, PSG may receive the following benefits from *Fidelity* through the Fidelity Institutional Wealth Services Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Wealth Services Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

PSG receives additional compensation from *Fidelity* based on revenue from the sale of funds through *Fidelity's* no transaction fee (NTF) program. This relationship creates a conflict of interest as PSG would benefit more by recommending NTF funds for clients. Clients should be aware that PSG's receipt of additional compensation from *Fidelity* creates a conflict of interest since this benefit may influence the PSG's choice of broker-dealer over another broker-dealer that does not furnish similar benefits.



## Item 13. Review of Accounts

### Accounts Reviews

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For those clients to whom PSG provides investment management services, PSG monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a semi-annual basis. For those clients to whom PSG provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of PSG’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with PSG and to keep PSG informed of any changes thereto. PSG contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

### General Reports and Account Statements

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Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom PSG provides investment advisory services will also receive a report from PSG that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance at the discretion of PSG. Clients should compare the account statements they receive from their custodian with those they receive from PSG.

### Financial Planning and Consulting Reports

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Those clients to whom PSG provides financial planning services will receive reports from PSG summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by PSG.



## Item 14. Client Referrals and Other Compensation

### Client Referrals

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If a client is introduced to PSG by either an unaffiliated or an affiliated solicitor, PSG may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from PSG's investment management fee, and does not result in any additional charge to the client. If the client is introduced to PSG by an unaffiliated solicitor, the solicitor provides the client with a copy of PSG's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of PSG discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of PSG's written disclosure brochure at the time of the solicitation.

### Other Economic Benefit

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PSG is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, PSG is required to disclose any direct or indirect compensation that it provides for client referrals.





## Item 15. Custody

PSG's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize PSG through such *Financial Institution* to debit the client's account for the amount of PSG's fee and to directly remit that management fee to PSG in accordance with applicable custody rules.

The *Financial Institutions* recommended by PSG have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to PSG. In addition, as discussed in Item 13, PSG also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from PSG.

### **Surprise Independent Examination**

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An affiliate of PSG, is deemed to have custody over clients' cash, bank accounts or securities (for reasons other than those discussed above), custody is imputed to the Firm. The affiliate is required to engage an independent accounting firm to perform a surprise annual examination of those assets and accounts over which it maintains custody. PSG does not have direct access to client funds as they are maintained with an independent qualified custodian.



## Item 16. Investment Discretion

PSG may be given the authority to exercise discretion on behalf of clients. PSG is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. PSG is given this authority through a power-of-attorney included in the agreement between PSG and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). PSG takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.



## Item 17. Voting Client Securities

PSG is required to disclose if it accepts authority to vote client securities. PSG does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions* and may contact PSG with questions about such solicitations.



## Item 18. Financial Information

PSG is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.

## **PLANNING SOLUTIONS GROUP, LLC**

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