

# **RENOWN WEALTH ADVISORS, LLC**

## **FIRM BROCHURE**

**MARCH 22, 2011**

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This brochure provides information about the qualifications and business practices of Renown Wealth Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (254) 773-1040. 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.

Renown Wealth Advisors, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Renown Wealth Advisors, LLC is available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Adviser is 154304.

## **2. MATERIAL CHANGES**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by Investment Adviser Rules. This Brochure dated March 22, 2011 is a new document prepared according to those new requirements and rules. As such, this Document is materially different in structure and requires certain new information that was not previously required.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Our Brochure may be requested by contacting the Adviser at (877) 386-9112.

Additional information about Renown Wealth Advisors, LLC is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with the Adviser who are registered, or are required to be registered, as investment adviser representatives.

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#### 4. ADVISORY BUSINESS

Renown Wealth Advisors, LLC (“we” or “the Adviser”) is an investment adviser registered with the Securities and Exchange Commission. The Adviser provides investment supervisory services and creates financial plans for individual clients. It also offers its portfolios on a sub-adviser basis to other investment advisers. Its services are described below.

##### a. OWNERSHIP/ADVISORY HISTORY

Renown Wealth Advisors, LLC is a Texas limited liability company formed on June 23, 2008. The Adviser is owned by Donald Rasmussen, Joanne Rasmussen, Jeff Stukey and Mary Jo Stukey. The Adviser was established as an investment adviser registered with the Securities and Exchange Commission on July 1, 2010.

##### b. ADVISORY SERVICES OFFERED

###### i. PORTFOLIO MANAGEMENT SERVICES

The Adviser offers the following portfolios to clients:

**Strategic Advantage Income** - The goal of this portfolio is to utilize income and other stable value investments to minimize exposure to market risk. However, the Strategic Advantage Income Portfolio strategy does allow for a small allocation to equities when market conditions allow. This portfolio is designed for investors in need of retirement income now or in just a few years. The allocation of the portfolio is made up of approximately 80% fixed income investments and 20% equity investments, which may include growth & income, domestic equities, sector investments or international equities. This allocation is designed for stability with an approach to minimize exposure to high risk investments without fully limiting the opportunity for growth.

**Tactical Advantage Growth** – This portfolio is designed for investors with a longer time horizon and whose primary objective is growth. The Tactical Advantage Growth Portfolio is made up of approximately 50% fixed income investments and 50% equity investments, which may include domestic equity, international equity and satellite investments; investments in any sector or asset class as determined by the manager. This allocation has the greatest potential for market ups and downs in exchange for the potential of higher returns. Although growth is the primary objective, the strategy seeks to do so without taking on great amounts of additional risk and volatility. The Tactical Advantage Growth Portfolio strategy seeks to adjust positions regularly in an attempt to avoid and/or participate in current market conditions. This typically creates a greater number of transactions and rebalancing.

**Index Advantage Growth** – The Index Advantage Growth portfolio is designed for investors with a longer time horizon and whose primary objective is growth. The Index Advantage Growth Portfolio is managed long only, where positions will only be taken in an index or non-correlated asset class if the trend is up. If the trend is down or moves down, as determined by charts, technical analysis and momentum strategies, the portfolio will move to a cash position in the

investments that are trending down. Exchange Traded Funds (ETF's) are used to gain exposure to different domestic and/or international indexes. The portfolios are allocated so that 75% of the portfolio will be invested in one or several different indexes and the other 25% will be invested in non-correlated asset classes. This mix of indexes and non-correlated asset classes allows for an investor to increase diversification and limit risk during times of volatility. The portfolios are actively managed with investment decisions being made based on the weekly close for the indexes and non-correlated asset classes.

**Index Advantage Growth Plus** – The Index Advantage Growth Plus Portfolio is managed long and short, except for the non-correlated asset classes, which are managed long-only. Therefore, if a market reverses from an uptrend to a downtrend, inverse positions will be taken in the index investments, allowing the investor the potential to realize gains in the portfolio whether the trend is up or down. The Index Advantage Growth Plus Portfolio is designed for investors with a longer time horizon and whose primary objective is growth. Exchange Traded Funds (ETF's) are used to gain exposure to different domestic and/or international indexes. The portfolios are allocated so that 75% of the portfolio will be invested in one or several different indexes and the other 25% will be invested in non-correlated asset classes. This mix of indexes and non-correlated asset classes allows for an investor to increase diversification and limit risk during times of volatility.

**Emerging Markets Advantage** – The Emerging Markets Advantage Portfolio is designed for investors with a longer time horizon and whose primary objective is growth. Exchange Traded Funds (ETF's) are used to gain exposure to different emerging markets. The portfolios are allocated so that 100% of the portfolio will be invested in several different emerging markets. The portfolio is actively managed with investment decisions being made based on the weekly close.

**Global Markets Advantage** – The Global Markets Advantage Portfolio is designed for investors with a longer time horizon and whose primary objective is growth. Exchange Traded Funds (ETF's) are used to gain exposure to different domestic, international and emerging markets. The portfolio is allocated so that nearly 100% of the portfolio will be invested in several different markets, while a small percentage will be invested in fixed income asset classes. This mix of global markets and fixed income asset classes, which can change as market conditions dictate, allows for an investor to increase diversification and limit risk during times of volatility. The portfolio is actively managed with investment decisions being made based on the weekly close for the markets and fixed income asset classes.

**Sector Advantage Growth** – The Sector Advantage Growth Portfolio is designed for investors with a longer time horizon and whose primary objective is growth. Exchange Traded Funds (ETF's) are used to gain exposure to large regions and sectors, avoid narrow industries, and yet still have access to most asset classes. The Sector Advantage Growth Portfolio is managed using long and inverse sector positions, where positions will be taken in a sector to take advantage of the trend in that sector whether it is up or down. By using inverse positions, investors have the

potential to realize gains even in a market or sector that is trending lower, instead of maintaining a cash position. This does increase the risk level of the portfolio.

**Sector Advantage Growth Plus** – The Sector Advantage Growth Plus Portfolio is designed for investors with a longer time horizon and whose primary objective is growth. Exchange Traded Funds (ETF's) are used to gain exposure to market leadership. High volatility and downside risk exist with the potential for higher gains. The Sector Advantage Growth Plus Portfolio is managed using long and inverse sector positions, where positions will be taken in a sector to take advantage of the trend in that sector whether it is up or down. By using inverse positions, investors may have the potential to realize gains even in a market or sector that is trending lower, instead of maintaining a cash position.

**S&P 500®<sup>1</sup> Index** – The S&P 500® Index is designed for investors with a longer time horizon and whose primary objective is growth. The S&P 500® Index is managed long only. The Index Portfolio is designed to track the S&P 500® Index. It consists of 500 large-cap common stocks actively traded in the United States.

ii. FINANCIAL PLANNING SERVICES

The Adviser offers clients Financial Planning Services to evaluate their financial situation, goals and risk tolerance. Through a series of personal interviews and the use of questionnaires the Adviser will collect pertinent data, identify goals, objectives, financial problems, potential solutions, prepare specific recommendations and implement recommendations. As a result of these actions, the Adviser's advice may be provided on financial and cash management, risk management, financial issues relating to divorce or marital issues, estate planning, tax issues, retirement planning, educational funding, goal setting, or other needs as identified by the client and Adviser. The Adviser may offer comprehensive planning services or the client may desire advice on certain planning components; the Adviser can tailor services as desired by the client.

Clients are not obligated to follow the Adviser's recommendations or to pursue the recommendations through it.

iii. SUB-ADVISORY SERVICES

The Adviser may enter into a Sub-Adviser Agreement with an unaffiliated investment adviser (a Secondary Adviser) which has or will enter into investment advisory agreements with its own clients. Pursuant to the Sub-Adviser Agreement, the Secondary Adviser will engage the Adviser to manage on behalf of the Secondary Adviser specific accounts identified by the Secondary Adviser and accepted by the Adviser. These accounts shall be placed in on the Adviser's investment adviser portfolios.

The assets of each Sub-Advisory Account will be held by the Custodian, which will be TD Ameritrade or such other qualified custodian acceptable to the Adviser. The account holder is responsible for establishing and maintaining the Sub-Advisory Account with the Custodian.

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<sup>1</sup> S&P 500® Index is a registered trademark of Standard & Poor's, a division of The McGraw-Hill Companies, which is not affiliated with Renown Wealth Advisors, LLC.

Pursuant to the terms of the Sub-Adviser Agreement:

- The Secondary Adviser appoints the Adviser as investment manager to manage each Sub-Advisory Account on a discretionary basis according to the terms of its investment adviser portfolios as specified by the Secondary Adviser for such Account;
- The Adviser agrees to manage each Sub-Advisory Account according to its investment adviser portfolios as specified by the Secondary Adviser, according to the terms of the Sub-Advisory Agreement and this brochure;
- The Secondary Adviser's clients pay the same fee as direct clients of the Adviser. A portion of the fee, up to 50%, is paid to the Secondary Adviser;
- The Secondary Adviser delegates and grants to Adviser the power and authority, in Advisers discretion, to buy, sell, or otherwise effect transactions for each Sub-Advisory Account, in the accountholder's name and for the accountholder's account. Pursuant to such power and authority, Adviser may, without prior consultation with the Secondary Adviser or the accountholder, purchase, sell, redeem, exchange, or otherwise effect transactions, for cash or on margin, in stocks, bonds, mutual funds, and other securities (and contracts relating to the same) on behalf of the Sub-Advisory Account and accountholder, and give instructions in furtherance of such power and authority to broker-dealers executing orders for the Account (each a Broker) and to the Custodian.

c. TAILORED SERVICES

The Adviser offers individualized investment advice to clients utilizing its Financial Planning Services. The Adviser's Portfolio Management Services and Sub-Advisory Services are tailored to the goals of the portfolio. As a result, we usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to a separate account held outside of our portfolios.

d. WRAP PROGRAM

The Adviser does not participate in a wrap program. This section is not applicable.

e. CLIENT ASSETS MANAGED

As of March 4, 2011, the Adviser manages \$9,000,000 in discretionary assets and \$1,000,000 in non-discretionary assets.

## **5. FEES AND COMPENSATION**

a. PORTFOLIO MANAGEMENT SERVICES

Fees for portfolio management services will be a percentage of the assets under management. Fees will not be based upon a share of capital gains or capital appreciation of the funds or of any portion of the funds under advisory contract. Fees for services to be performed will not be collected six or more months in advance. Fees will be calculated, accrued and due monthly in



advance based upon the standard annualized rates below.

<b>Fair Market Value of Account</b>	<b>Management Fee</b>
Up to \$1,000,000	Up to 2.25%
\$1,000,001 and over	Up to 2.05%

The first month's management fee will be calculated on the Account's initial value as reported by its custodian. Thereafter, the management fee will be calculated on the Account's fair market value as of the preceding month-end as reported by the account's custodian. The management fee is tiered. A tiered fee means the applicable rate will be applied to the fair market value in each applicable range of account value. For example, an account with a month end value of \$1,300,000.00 will be charged at an annual rate of up to \$28,650.00; Up to \$22,500 for the first \$1,000,000.00 and up to \$6,150.00 for the remaining \$300,000.00. Notwithstanding the Account's fair market value, the minimum annual fee table is stated in the client's Investment Management Agreement and may be negotiated. Cash balances and investments in money market funds, demand deposit accounts, and certificates of deposit at banks or brokerage firms are covered by the Account and are included in the fee calculations.

Under some circumstances the Adviser's fees may be lower than the rate schedule and can be negotiated. Accordingly, rates may vary based on a variety of factors. For example, in determining fees, rates, and minimums, the Adviser may aggregate related accounts and, for billing purposes, treat them like one account.

In addition to the Adviser's annual portfolio management fee, the client may also incur certain charges imposed by unaffiliated third parties. Such charges include, but are not limited to, custodial fees, brokerage commissions, transaction fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund purchased for the account which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. The Adviser does not receive any portion of these charges.

The Adviser may from time to time unilaterally amend our fees and billing arrangements. Any change will only become effective after thirty (30) days prior written notice. The fees for these portfolios are not based on the financial performance or capital gains or losses experienced by the Account.

A client may terminate the Investment Management Agreement for any reason at any time and, within the first five business days after signing the contract, without any cost or penalty. Thereafter, the contract may be terminated at any time by giving ten (10) days written notice. Upon termination, fees will be prorated based upon the number of days that services were rendered after the Account's valuation date.

If client is an employee benefit plan governed by the Employee Retirement Income Security Act of 1974 (“ERISA”), the Investment Management Agreement will be supplemented with and ERISA Addendum, which is incorporated by this reference.

**b. FINANCIAL PLANNING SERVICES**

Financial plans are provided at an hourly rate not to exceed \$500.00, with a minimum planning fee of \$250 and a \$20,000 maximum fee. Fees for planning services are agreed upon in advance in writing and due at that time. The fees vary depending upon the complexity of the financial situation, the estimate of hours involved, including preparation and research, areas to be specified and estimated in the written agreement for services. For prepaid fees in excess of \$500.00, services will be completed within six months of the date fees are received.

A client may cancel the financial planning service agreement for any reason during the first five (5) days from the date of signing the agreement and will receive a refund of 100% of all fees paid. To cancel the agreement, a client must notify the adviser and return any materials received to that date. After five (5) days if a client cancels, any prepaid fees will be refunded on a prorated basis based upon the number of hours worked.

Clients are not obligated to follow the Adviser’s recommendations or to pursue the recommendations through it.

**6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT**

The Adviser does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

**7. TYPES OF CLIENTS**

The Adviser’s services (portfolio management, financial planning and sub-adviser services) are offered to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations or other businesses.

The Adviser requires a client to have a minimum account size of \$50,000.00 for portfolio management services. The Adviser may aggregate related accounts in the same household in determining whether the account minimum has been met. Minimums may be negotiated, reduced or waived for individuals or retirement plans that appear to have the ability to make annual or other contributions necessary to meet this minimum threshold, or as an accommodation to existing clients.

**8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

**a. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

The Adviser is required to give a description of the methods of analysis and investment strategies it uses in formulating investment advice or managing assets.

### Methods of Analysis:

- Charting
- Fundamental
- Technical

### Investment Strategies we use:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- Active Management/Short Term Trading (securities bought or sold within 30-days).

With respect to the Adviser's portfolio management services, the Adviser follows the core principles that each portfolio is founded upon. When deciding on the asset allocation for a portfolio, the Adviser studies various market indicators such as financial newspapers and magazines, research prepared by other advisers, company press releases, prospectuses, annual reports, and other market related filings. After studying the market indicators the Adviser may move all, none or a portion of the client's account assets into the market.

#### b. INVESTMENT RISKS

All investments bear different types and degrees of risk and **investing in securities involves risk of loss that clients should be prepared to bear.** While we recommend third party investment advisers who have investment strategies that are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. Clients need to ask questions about risks they do not understand. We would be pleased to discuss them.

We strive to render our best judgment on behalf of our clients. Still, we cannot assure or guarantee clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser but is not a reliable predictor of future performance. We continuously strive to provide outstanding long-term investment performance, but many economic and market variables beyond our control can affect the performance of an investment portfolio.

An investment could lose money over short or even long periods. A client should expect his/her account value and returns to fluctuate within a wide range, like the fluctuations of the overall stock and bond markets. The Adviser's performance could be hurt by:

- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.

- **Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates. Interest rate risk will vary for the Adviser, depending on the amount of client assets invested in bonds.
- **Manager risk:** The chance that the proportions allocated to the various securities will cause the client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.
- **Active management fees risk:** Active management strategies that involve frequent trading generate higher transaction costs which diminish the fund's return. In addition, the short-term capital gains resulting from frequent trades often have an unfavorable income tax impact when such funds are held in a taxable account.

c. RECOMMENDED SECURITIES AND THEIR RISKS

The Adviser uses types of securities in its portfolios. They and their risks are as follows:

**Exchange Traded Funds ("ETF")**

**Definition** – An exchange-traded fund (ETF) is an investment fund traded on stock exchanges, much like stocks. An ETF holds assets such as stocks, commodities, or bonds and trades at approximately the same price as the net asset value of its underlying assets over the course of the trading day.

ETF investments and have risks similar to stocks. There are risks involved with investing in ETFs including the possible loss of money. The share price may trade above or below the purchase price.

**Market Risk** – Since the ETF invests most or a substantial portion of its assets in stocks, it is subject to stock market risk. Market risk involves the possibility that the value of the ETF's investments in stocks will decline due to drops in the stock market. In general, the value of the ETF will move in the same direction as the overall stock market in which the ETF invests, which will vary from day to day in response to the activities of individual companies, as well as general market, regulatory, political and economic conditions.

**Trading Risk** – Although ETFs will be listed on the Exchange, there can be no assurance that an active or liquid trading market for them will develop or be maintained. In addition, trading in the ETF on the Exchange may be halted due to market conditions or for reasons that, in the view of the Exchange, make trading in the ETF inadvisable. Further, trading in the ETF on the Exchange is subject to trading halts caused by extraordinary market volatility pursuant to the Exchange "circuit breaker" rules. There can be no assurance that the requirements of the Exchange necessary to maintain the listing of the ETF will continue to be met or will remain unchanged.

**Value Stock Risk** – Value stocks are subject to the risk that their intrinsic value may never be realized by the market or that their prices may go down. While the ETF's investments in value

stocks may limit its downside risk over time, the ETF may produce more modest gains than riskier stock funds as a trade-off for this potentially lower risk.

### **Inverse ETF**

**Inverse ETF Definition** – An inverse ETF attempts to mimic the inverse, or opposite, of its stated benchmark. For example, an inverse S&P 500 ETF would attempt to deliver the opposite of the S&P 500's daily performance, net of fees. These funds, also called "short ETFs or Bear ETFs" are often in an attempt to profit from a downturn in a given market, sector, or index, or to hedge against a potential loss in their portfolio. Although an inverse ETF does not explicitly use leverage to magnify the intended return, they can suffer from the same compounding effects as the leveraged long and leveraged short ETFs.

### **Correlation Risks and Long-term Holding**

A number of factors may hinder an inverse ETF's ability to achieve correlation with its benchmark index, including fees, expenses, transaction costs, use of margin or other leveraged investment techniques, index rebalancing, and other factors described in the prospectus. The effects of leverage and compounding, however, are the two primary reasons why the return of an index over the specified rebalancing period does not translate into the return of an inverse ETF held for *longer* than the rebalancing period (and, remember, an inverse ETF does not typically *attempt* to track an index over any period longer than the rebalancing period, which is most commonly one day).

Compounding and leverage are likely to have a significant effect on long-term performance, whether positive or negative. This is one reason why an inverse ETF that closely tracks the daily performance of an index will not necessarily track the long-term performance of that index. When held for longer than one day, an inverse ETF that seeks to achieve a multiple of the daily return of a benchmark index can even have negative performance over a period in which the benchmark index achieved positive returns. This divergence tends to be particularly pronounced in volatile markets, but can also occur in relatively "flat" markets.

### **Other risks of Inverse ETFs include:**

- They are not tax-efficient. In fact, due to the turnover required to maintain their stated leverage objectives, they can have significant capital gain distributions.
- They are not intended to be used by, and are not appropriate for, investors who intend to hold positions for any period longer than the rebalance cycle of the ETF, which is typically one day (or as much as a month, depending on the particular ETF).
- If you decide to hold these positions longer than the rebalancing period, you must monitor them daily as daily price movements can have a dramatic effect on your overall return.

- You should only purchase an inverse ETF if you understand the risks associated with shorting and the strategy of inverse performance, where the investment goals of the ETF are 'inverse' to the performance of its benchmark, a result opposite of most ETFs
- Index volatility can have a major effect on an inverse ETF's performance due to the daily or monthly rebalancing of the ETF. In a volatile market, where there is little consistent movement in one direction or the other, compounding can be a significant drag on the return of these types of ETFs. In markets in which there are no clear trends, the impact of daily rebalancing is harmful to performance over time.

## **9. Disciplinary Information**

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

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

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

## **10. Other Financial Industry Activities and Affiliations**

### **a. BROKER-DEALER AFFILIATIONS**

The Adviser, its owner and investment adviser representatives are not affiliated with a broker-dealer.

### **b. FUTURES/COMMODITIES FIRM AFFILIATION**

The Adviser, its owner and investment adviser representatives are not affiliated with a futures or commodities broker.

c. OTHER INDUSTRY AFFILIATIONS

The Advisers management and its investment adviser representatives are licensed insurance agents. Clients may be solicited for insurance sales by them. This causes a conflict of interest because they receive a commission for these services, which is separate from the investment management and financial planning fees outlined above. They attempt to mitigate the conflicts of interest to the best of their ability by placing the client's interests ahead of their own through their fiduciary duty. In addition to their fiduciary duty, the Adviser created a code of ethics and policies and procedures to mitigate the conflict of interest.

**11. CODE OF ETHICS**

a. DESCRIPTION

The Adviser's Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. The Adviser will provide a copy of our Code of Ethics to any client or prospective client upon request.

The Adviser's Code of Ethics covers all supervised persons and it describes its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at the Adviser must acknowledge the terms of the Code of Ethics annually, or as amended.

b. MATERIAL INTEREST IN SECURITIES

The Adviser, its owner and investment adviser representatives do not recommend the purchase or sale of securities in which they have a material financial interest.

c. INVESTING IN THE SAME SECURITIES

If the Adviser or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that the Adviser or a related person recommends to clients, is required to describe its practice and discuss the conflicts of interest this presents and generally how they are addressed.

On occasion the Adviser's representatives may buy or sell for their own accounts securities that are the same as, similar to, or the different than those that they recommend to their clients for purchase or sale. Differences can arise due to variations in personal goals, investment horizons, risk tolerance, and the timing of purchases and sales. Additionally, they will attempt to mitigate the conflict of interest to the best of their abilities through the enactment of the Adviser's code of ethics, trading policies, and their fiduciary responsibilities. The representatives of the Adviser are aware of their fiduciary duty to their Clients and the prohibitions against the use of any insider

information. Records of all associates' proprietary trading activities will be kept by the Adviser, available to regulators to review on the premises.

d. RECOMMENDING THE SAME SECURITIES

If the Adviser or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that the Adviser or a related person buys or sells the same securities for the Adviser's (or the related person's own) account, the Adviser is required to describe its practice and discuss the conflicts of interest it presents. The Adviser is also required to describe generally how it addresses conflicts that arise.

As previously stated, the Adviser's representative from time to time, buy or sell for their own accounts securities that are the same as, similar to, or the different than those that they recommend to their clients for purchase or sale. Differences can arise due to variations in personal goals, investment horizons, risk tolerance, and the timing of purchases and sales. Additionally, they will attempt to mitigate the conflict of interest to the best of their abilities through the enactment of the Adviser's code of ethics, trading policies, and their fiduciary responsibilities. In all situations the Adviser will act as a fiduciary. The associates of the Adviser are aware of their fiduciary duty to their clients and the prohibitions against the use of any insider information. Records of all associates' proprietary trading activities will be kept by the Adviser, available to regulators to review on the premises.

## **12. BROKERAGE PRACTICES**

a. RECOMMENDATION CRITERIA

When the Adviser recommends brokers or custodians, it will seek broker dealers who offer competitive commissions costs together with reliable services. A client's choice of another broker-dealer is acceptable if proven feasible.

The Adviser participates in the TD AMERITRADE Institutional program. TD AMERITRADE Institutional is a division of TD AMERITRADE, Inc. ("TD AMERITRADE") member FINRA/SIPC. TD AMERITRADE is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD AMERITRADE offers to independent investment advisers, services which include custody of securities, trade execution, clearance and settlement of transactions. The Adviser receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14.A. below).

The Adviser reasonably believes that in the case of managed accounts, TD Ameritrade, Inc.'s blend of execution services, commission and transaction costs as well as professionalism allows the Adviser to seek best execution and competitive prices. Additionally the Adviser believes that in case of financial plan recommendations being implemented, that TD Ameritrade, Inc.'s blend of execution services, commission and transaction costs as well as professionalism allows the Adviser to recommend TD Ameritrade, Inc. for the establishment of a brokerage account. At all times, financial consulting clients are free to execute their plan recommendations through any



broker-dealer without the assistance of the Adviser or its investment advisory representatives.

With the use of independent broker-dealers, a client may incur a ticket charge or sales commission for the sale or purchase of securities. The Adviser does not receive any portion of the ticket charge or sales commission.

When referring clients to dealers, the Adviser will only refer clients to dealers registered in states where the clients reside.

NOTE: Clients may be able to obtain lower custodian fees from other brokers, and the value of products, research and services given to the applicant is not a factor in determining the selection of custodians or the reasonableness of their fees.

i. RESEARCH AND SOFT DOLLARS

“Soft dollars” are defined as a form of payment investment firms can use to pay for goods and services such as subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. The Adviser does not receive “soft dollars” from any vendor, service provider or custodian in exchange for its placement of brokerage services. However, please see Item 14.A for additional details about research received from TD Ameritrade, Inc.

ii. BROKERAGE FOR CLIENT REFERRALS

The Adviser does not receive client referrals or any other incentive from TD Ameritrade, Inc.

iii. DIRECTED BROKERAGE

Some clients may direct us to a specific broker-dealer to execute securities transactions for their accounts. When so directed, we may not be able to effectively negotiate lower brokerage commissions or achieve best execution on clients’ transactions. This can result in substantially higher fees, charges or dealer concessions in one or more transactions for the clients’ account because the Adviser cannot negotiate favorable prices.

b. TRADE AGGREGATION

The Adviser will have the authority to aggregate or block client orders placed with the same custodian. To the extent any aggregated or block orders are placed, the Adviser will cause those orders to be effected through an average price account or similar account such that each account at the same custodian participating in the order shares in the securities purchased or sold, price, and transaction costs pro rata (unless pro rata would be unfair under the circumstances). As a result the average price account will allocate proportionate shares to each client’s account. It will also provide clients with an average price for the securities transaction or transactions, which could reduce the transaction costs for the client.

### **13. REVIEW OF ACCOUNTS**

a. PERIODIC REVIEWS

The Adviser's management and administrative team review the general holdings of the Adviser's client accounts on a weekly basis. They also review client statements from the client's custodian on a monthly basis.

b. OTHER REVIEWS

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a client's financial situation (such as retirement, termination of employment, physical move or inheritance).

c. REPORTS

Clients who chose an hourly financial planning service may or may not receive a report. Otherwise the Adviser does not prepare regular client reports. Clients receive monthly statements from TD Ameritrade, its custodian. The Adviser urges you to carefully review such statements.

**14. CLIENT REFERRALS AND OTHER COMPENSATION**

a. OTHER COMPENSATION

The Adviser receives additional compensation from TD Ameritrade in the form of research reports, real time quotes, software and performance reporting. While the Adviser, and its associated persons, endeavor at all times to put the interest of the clients first as part of their fiduciary duty, clients should be aware that receipt of additional compensation in itself creates a potential conflict of interest. The Adviser attempts to mitigate this conflict of interest to the best of its ability through its fiduciary duty to its clients.

As disclosed under Item 12.A. above, the Adviser participates in TD AMERITRADE's institutional customer program and the Adviser may require clients to maintain accounts with TD AMERITRADE/recommend TD AMERITRADE to clients. There is no direct link between the Adviser's participation in the program and the investment advice it gives to its clients, although the Adviser receives economic benefits through its participation in the program that are typically not available to TD AMERITRADE retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving the Adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have Advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the Adviser by third party vendors.

TD AMERITRADE may also have paid for business consulting and professional services received by the Adviser's related persons and may also pay or reimburse expenses (including

travel, lodging, meals [and entertainment] expenses) for the Adviser's personnel to attend conferences or meetings relating to the program or to TD AMERITRADE's Advisor custody and brokerage services generally. Some of the products and services made available by TD AMERITRADE through the program may benefit the Adviser but may not benefit its client accounts. These products or services may assist the Adviser in managing and administering client accounts, including accounts not maintained at TD AMERITRADE. Other services made available by TD AMERITRADE are intended to help the Adviser manage and further develop its business enterprise. The benefits received by the Adviser or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD AMERITRADE. As part of its fiduciary duties to clients, the Adviser endeavors at all times to put the interests of its clients first. Clients should be advised, however, that the receipt of economic benefits by the Adviser or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Adviser's choice of TD AMERITRADE for custody.

**b. CLIENT REFERRALS**

The Adviser has entered into an agreement with other financial services firms pursuant to which the Adviser will pay other financial services firms up to 50% of the Adviser's annual fee for the financial services firms solicitation and referral services. (See Item 4.b for details.) In turn, the financial services firm will share a portion of the fees with its representative. The Fee charged to a client who is referred by another financial services firm will be no different than the fee the client would have been charged if the client had not been referred by a financial services firm.

Adviser is aware of the special considerations promulgated pursuant to Rule 206(4)-3 under the Investment Advisers Act of 1940, and any comparable state regulations. As such, appropriate disclosures shall be made to the Adviser's clients, all required written records will be maintained, and all applicable laws and regulations will be observed. A Solicitor's Disclosure Document will be provided to each client by the Representative, as required under the Rule, and the Adviser will retain the clients signed acknowledgement of receiving the Adviser's Form ADV Part 2A and the Solicitors Disclosure Document.

Although the Secondary Advisers refer Sub-Advisory Accounts to the Adviser for management services, the Adviser does not pay any referral fee or other compensation to the Secondary Adviser for such referrals. Rather, the Secondary Adviser engages the Adviser to manage the Sub-Advisory Accounts for the fees described herein. The advisory fees charged by the Secondary Adviser may be higher for Sub-Advisory Accounts than for other accounts managed by the Secondary Advisory without the Adviser's services, by an amount approximately equal to the Adviser's fees.

**15. CUSTODY**

All client funds, securities and accounts are held at third-party custodians. The Adviser does not take possession of a client's securities. However, the client will be asked to authorize the Adviser in writing with the ability to deduct fees directly from the client's account. This

authorization will be to deduct the Adviser's management fee only. The client's account statement will state the amount of fees withdrawn from the client's Account.

Clients will receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. The Adviser urges all clients to carefully review such statements.

## **16. INVESTMENT DISCRETION**

All clients (including Sub-Advisory clients) who desire to use the Adviser's portfolio management services sign a client investment management agreement that includes a limited power of attorney, allowing the Adviser limited discretionary power over the account. In discretionary accounts, the Adviser will be allowed the power to place trades, buy, sell, retain, exchange and redeem investments of any type and in amounts it deems to be appropriate for the account, without first obtaining the client's consent to each trade. Directions will be given to the account custodian to complete the transaction. The Adviser does not possess the authority without the client's consent to determine the broker or dealer to be used or the commission rates paid. Clients must use an independent custodian. The Adviser does not, and cannot, have custody of clients' assets.

Any limitations on this discretionary authority and any restrictions that the client wishes to place on the account must be in writing. Clients may change or amend these instructions or restrictions at any time, and all such changes or amendments must be in writing.

Financial Planning Services are nondiscretionary. A non-discretionary investment account means the client retains full discretion to supervise, manage, and direct the assets of the account. The client maintains full power and authority to purchase, sell, invest, reinvest, exchange, convert, and trade the assets in the Account in any manner deemed appropriate and to place all orders for the purchase and sale of Account assets with or through brokers, dealers, or issuers selected by the client. The client is free to manage the account with or without the recommendation of the Adviser and all with or without prior consultation with the Adviser.

## **17. VOTING CLIENT SECURITIES**

Unless otherwise mutually agreed in writing, the Adviser will not be responsible for responding to proxies that are solicited with respect to annual or special meetings of shareholders of securities held in clients' accounts. Proxy solicitation materials will be forwarded to clients for response and voting. In the event a client has a question about a proxy solicitation, the client should contact his/her investment adviser representative.

## **18. FINANCIAL INFORMATION**

### **a. BALANCE SHEET**

The Adviser does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we have not included a balance sheet for our most recent fiscal year.

### **b. FINANCIAL CONDITION**

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about the Adviser's financial condition. The Adviser has no financial commitment that impairs its ability to service its clients.

### **c. BANKRUPTCY**

The Adviser has not been the subject of a bankruptcy proceeding.