

# **Managed Account Services, Inc., d/b/a Investor Solutions**

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**March 20, 2014**

## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Investor Solutions. If you have any questions about the contents of this brochure, please contact us at 305.443.3339. 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 Investor Solutions is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Investor Solutions is 106532.

Investor Solutions is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

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

Since our last Annual Updating Amendment, dated March 4, 2013, we have made the following material change to our Form ADV Part 2 Disclosure Brochure:

- Language regarding TD Ameritrade's Equity Management Program was removed from the "Item 14 Client Referrals and Other Compensation" section as our firm no longer offers this program.
- The "Item 12 Brokerage Practices" section was amended to include disclosure regarding the iRebal Program. The disclosure reads as follows:

### Additional Services

We also receive from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisers participating in the program. Specifically, the Additional Services include Redkite.

TD Ameritrade provides the Additional Services to our firm in its sole discretion and at its own expense, and our firm does not pay any fees to TD Ameritrade for the Additional Services. Our firm and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Our firm's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to our firm, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our firm's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with our firm, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, we may have an incentive to recommend to our clients that the assets under management by our firm be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Our firm's receipt of Additional Services does not diminish our duty to act in the best interests of our clients, including to seek best execution of trades for client accounts.

### iRebal Program

We consider a number of factors in selecting brokers and custodians at which to locate (or recommend location of) its client accounts, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. In selecting TD AMERITRADE Institutional ("TD Ameritrade") as the broker and custodian for certain of our current and future client accounts, we take into consideration our arrangement with TD Ameritrade as to obtaining price discounts for TD Ameritrade's automatic portfolio rebalancing service for advisors known as "iRebal".

The standard iRebal annual license fee applicable to Adviser is \$26,000. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the TD Ameritrade platform will bring fee reductions of up to \$26,000 per year for each of as many as three years or more.

The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute "plan assets" of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs).

If we do not maintain the relevant level of taxable assets on the TD Ameritrade platform, we may be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall.

Although we believe that the products and services offered by TD Ameritrade are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect our independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for client accounts.

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## Item 4 Advisory Business

### Description of Services and Fees

We are a registered investment adviser based in Coconut Grove, Florida and organized as a corporation under the laws of the State of Florida. We are a fee-only adviser providing investment advice and management services for affluent individuals, pension and 401(k) plans, not for profit institutions, and foreign government agencies. Our team of advisers combines academic credentials, real world experience, and professional designations to offer exceptional quality financial services to our clients. We have been providing investment advisory services since 1994. Francis C. Armstrong, III is our firm's principal owner. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- **Asset management Services**
- **Pension Consulting Services**

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Investor Solutions and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

#### *Asset Management Services*

We offer discretionary asset management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for asset management services, we will meet with you to determine your investment objectives, risk tolerance, time horizon, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather to develop a strategy that enables our firm to formulate a strategic asset allocation plan which we believe best meets your long term stated goals. We offer asset allocation portfolios, ranging from moderately aggressive to conservative, designed to meet your needs. In consultation with our firm, you select the portfolio best suited to your needs after defining objectives, risk tolerance and time horizons. Once you approve a model asset allocation, we will exercise discretionary authority to invest and re-invest your assets according to the contractual authority you provide to our firm.

Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

Our fee for asset management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<b>(Aggregate) Account Value</b>	<b>Annual Fee</b>
\$0.00 to \$1,000,000	1.00%
\$1,000,000 to \$2,000,000	0.75%

\$2,000,001 to \$5,000,000  
\$5,000,001 to above

0.50%  
0.40%

Our annual asset management fee is billed and payable quarterly in arrears based on the value of your account on the last business day of the quarter and is negotiable, depending on individual client circumstances. If the asset management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Additional deposits of funds and/or securities will be subject to normal billing procedures. This includes deposits of No-Load and Load-Waived Funds, Equities, Fixed Income, Load Mutual Funds, Cash, Money Market and any other security.

We require a minimum of \$1,000,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values of your related accounts (your individual accounts, accounts of various family members, or your business accounts). Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

If we elect to accept a client relationship below \$1,000,000, we will charge a 1.00% annual fee to such accounts subject to a \$5,000 minimum annual fee, subject to negotiation. This minimum annual fee will affect client relationships with less than \$500,000.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

Fees paid by check are due 20 days after the end of the quarter.

You may terminate the asset management agreement upon 30 days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the asset management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

#### *Pension Consulting Services*

We offer pension consulting services to retirement plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. For participant-directed retirement plans, we recommend to the plan sponsor or trustee(s) investment options and provide appropriate diversification options to plan participants. Our services to participant-directed plans are non-discretionary and the inclusion of all securities as investment options within a plan requires the approval of the plan sponsor.

We also offer to participant-directed and corporate retirement plans employee education through newsletters, meetings, videos and self taught courses. Our services to such participant-directed plans do not involve the actual handling or arrangement of securities transactions, which are arranged through plan trustees and/or third-party administrators.

We charge an annual fee of 0.50% of plan assets for pension consulting services. For its pension consulting services, Investor Solutions receives an annual fee of 0.50% of plan assets. Fees are paid quarterly in arrears and computed based on the ending value of the account at the end of each quarter. A minimum account plan size of \$2 million is required. Subject to our discretion to accept a smaller account, a minimum fee of \$10,000 would apply to any such accounts.

We will invoice the client directly for the pension consulting fee. All fees paid by check shall be due 20 days after the end of the quarter.

Either party to the pension consulting agreement may terminate the agreement upon 30 days' written notice to the other party. The pension consulting fees will be prorated for the quarter in which the termination notice is given and any unearned fees will be refunded to the client.

### **Types of Investments**

In order to obtain asset class exposure we utilize structured institutional index funds as well as exchange traded funds. Actively managed mutual funds may be utilized in asset classes that index based products are not available.

### **Assets Under Management**

As of 12/31/2013, we manage \$688,093,135 in client assets on a discretionary basis, and \$13,088,538 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

Please refer to the "Advisory Business" section in this Brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Disclosure Brochure.

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

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

## **Item 7 Types of Clients**

We offer investment advisory services to affluent individuals, pension and 401(k) plans, not for profit institutions, and foreign government agencies.

We require a minimum of \$1,000,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values of your related accounts (your individual accounts, accounts of various family members, or your business accounts).

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

### **Our Methods of Analysis and Investment Strategies**

Our investment strategy looks at managing risk through diversification. We purchase securities with the intent to hold long-term. We do not time any market and clients should expect to remain fully invested in their selected asset allocation plan at all times. Occasionally, we need to adjust the asset allocation due to fluctuations in the market or unanticipated client cash flow. There may be other instances in which a short-term hold is required, depending on client circumstances.

Our investment plans contain assets in classes which the advisor believes, based on historical data, have attractive combinations of return, risk and correlation. Emphasis will be placed on optimizing performance at the portfolio level while controlling risk through broad global diversification, multiple management styles, and Modern Portfolio Theory techniques. Modern Portfolio Theory (MPT) is a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets. Long term investments may be affected by unforeseen long term changes in the overall market.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Our firm uses the FIFO accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.



**Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

**Recommendation of Particular Types of Securities**

In order to obtain asset class exposure we utilize structured institutional index funds as well as exchange traded funds. Actively managed mutual funds may be utilized in asset classes that index based products are not available.

Mutual funds and exchange traded funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely which can dilute other investors' interests.

**Item 9 Disciplinary Information**

Neither our firm nor any Associated Person has any reportable disciplinary information.

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

Neither our firm nor our Associated Persons are affiliated, through control or ownership, with any of the types of entities listed below.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting David Seiglie, Chief Compliance Officer, at 305.443.3339.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We may recommend the services of various broker-dealer/custodians, including TD Ameritrade, Inc., Charles Schwab & Co., and Fidelity Investments, Inc., securities broker-dealer and members of FINRA, NFA, and the SIPC. We believe that the recommended broker-dealer/custodian provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by the recommended broker-dealer/custodian including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services the recommended broker-dealer/custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Clients may instruct our firm to use any particular broker for the transactions in their accounts. If you choose to direct our firm to use a particular broker that we have not recommended, you should understand that this might prevent our firm from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

## **Research and Other Benefits**

Each broker-dealer/custodian we recommended provide services that may include research, brokerage, custody, access to mutual funds, and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. The custodians also make available to our firm other products and services that benefit our firm, but may not benefit our clients' accounts. Some of these other products and services assist our firm in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple accounts), provide research, pricing information and other market data, facilitate payment of our fees from clients' accounts, and assist with back-office support, recordkeeping, and client reporting.

The custodians may also provide our firm with other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. The availability of the foregoing products and services is not contingent upon our firm committing any specific amount of business to that custodian (assets in custody or trading).

Our firm participates in the Institutional programs of TD Ameritrade, Inc., Charles Schwab & Co., and Fidelity Investments, Inc. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. These broker-dealer/custodians are independent and unaffiliated SEC-registered broker-dealers. They offer to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Our firm receives some benefits from each of these firms through our participation in the program. There is no direct link between our firm's participation in the program and the investment advice it gives to our clients, although our firm receives economic benefits through our participation in the program that are typically not available to 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 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 our firm by third party vendors. TD Ameritrade, Inc., Charles Schwab & Co., and Fidelity Investments, Inc. may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by TD Ameritrade, Inc., Charles Schwab & Co., and Fidelity Investments, Inc. through the program may benefit our firm but may not benefit our client accounts. These products or services may assist our firm in managing and administering client accounts, including accounts not maintained at these firms. Other services made available by TD Ameritrade, Inc., Charles Schwab & Co., and Fidelity Investments, Inc. are intended to help our firm manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade, Inc., Charles Schwab & Co., and Fidelity Investments, Inc.

As part of our fiduciary duties to clients, our firm endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade, Inc., Charles Schwab & Co., and Fidelity Investments, Inc. for custody and brokerage services.

#### Additional Services

We also receive from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisers participating in the program. Specifically, the Additional Services include Redkite.

TD Ameritrade provides the Additional Services to our firm in its sole discretion and at its own expense, and our firm does not pay any fees to TD Ameritrade for the Additional Services. Our firm and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Our firm's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to our firm, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our firm's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with our firm, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, we may have an incentive to recommend to our clients that the assets under management by our firm be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Our firm's receipt of Additional Services does not diminish our duty to act in the best interests of our clients, including to seek best execution of trades for client accounts.

#### iRebal Program

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The standard iRebal annual license fee applicable to Adviser is \$26,000. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the TD Ameritrade platform will bring fee reductions of up to \$26,000 per year for each of as many as three years or more.

The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute "plan assets" of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs).

If we do not maintain the relevant level of taxable assets on the TD Ameritrade platform, we may be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall.

Although we believe that the products and services offered by TD Ameritrade are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect our independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for client accounts.

### **Brokerage for Client Referrals**

Our firm may receive client referrals from TD AMERITRADE through our participation in the TD AMERITRADE AdvisorDirect program. For more information on this program, please refer to Item 14 below.

### **Item 13 Review of Accounts**

If you participate in our firm's Asset Management Services, we will monitor your managed account(s) on an ongoing basis. Accounts are reconciled daily with the account custodian to ensure proper accounting and to make certain that the accounts retain the desired asset allocation. We will conduct a formal account review at your request. We may conduct additional reviews when:

- Cash or security deposits are made
- New asset class or fund opportunities arise
- Cash distributions are taken out
- Your financial situation has changed
- You are nearing or are at age 70½
- For end of year for tax planning purposes

Each client is assigned a Primary and Secondary Advisor to their account. Reviews may be conducted by either or both depending on the complexity of the account. Prior to a formal review, your account Advisor will obtain additional data from you that may be pertinent to the review.

You are required to notify your Advisor if changes occur in your personal financial situation which might adversely affect your investment plan. We will similarly monitor your plans in order to make timely changes where advisable.

We will provide you with allocation and performance reports in conjunction with account reviews. These reports may be provided to you in either written or oral form. In addition, you will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

Formal account reviews may include one or more of the following topics:

- Account performance
- Risk tolerance
- Any financial or goal changes
- Tax planning
- Retirement planning
- Distribution planning

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

We directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this Brochure along with the Solicitor's disclosure statement at the

time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our Solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

#### TD AMERITRADE AdvisorDirect Program

Our firm may receive client referrals from TD AMERITRADE through our participation in TD AMERITRADE AdvisorDirect (the "referral program"). In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Our firm may have been selected to participate in AdvisorDirect based on the amount and profitability to TD AMERITRADE of the assets in, and trades placed for, client accounts maintained with TD AMERITRADE. TD AMERITRADE is a discount broker-dealer independent of and unaffiliated with our firm and there is no employee or agency relationship between them. TD AMERITRADE has established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD AMERITRADE does not supervise our firm and has no responsibility for our firm's management of client portfolios or our firm's other advice or services. Our firm pays TD AMERITRADE an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to our firm ("Solicitation Fee"). Our firm will also pay TD AMERITRADE the Solicitation Fee on any advisory fees received by our firm from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired our firm on the recommendation of such referred client. Our firm will not charge clients referred through AdvisorDirect any fees or costs higher than our standard fee schedule offered to our clients or otherwise pass Solicitation Fees paid to TD AMERITRADE to our clients. For information regarding additional or other fees paid directly or indirectly to TD AMERITRADE, please refer to the TD AMERITRADE AdvisorDirect Disclosure and Acknowledgement Form.

Our firm's participation in AdvisorDirect raises potential conflicts of interest. TD AMERITRADE will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD AMERITRADE and whose client accounts are profitable to TD AMERITRADE. Consequently, in order to obtain client referrals from TD AMERITRADE, Our firm may have an incentive to recommend to clients that the assets under management by our firm be held in custody with TD AMERITRADE and to place transactions for client accounts with TD AMERITRADE. In addition, our firm has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD AMERITRADE or to establish brokerage or custody accounts at other custodians, except when our fiduciary duties require doing so. Our firm's participation in AdvisorDirect does not diminish our duty to seek best execution of trades for client accounts.

#### Paladin Registry Referral Service

One or more of our firm's Associated Persons are members of the Paladin Registry, an online database providing investors with access to view information on financial advisers who are members of the Paladin Registry. Investors may view information on members' credentials, advisory services, and



business practices, and also have the ability to search for certain members meeting their specified criteria. The Paladin Registry may also match Associated Person members with investors who use the Paladin Registry's search and documentation services. Associated Person members pay fixed monthly fees to Paladin to be a member of the Registry. Certain Associated Person members may also pay Paladin a match fee per investor or additional fixed fees when the referral source is a third party (Partner). Paladin has relationships with websites and companies (Partners) whose members, clients, users, or customers have linked access to Registry services. Paladin uses membership and match fees to create visibility for the Registry on the Internet and in the media, develop relationships with Partners, and provide free public services to investors.

### **Item 15 Custody**

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

### **Item 16 Investment Discretion**

If you participate in our Asset Management Services, before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s).

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

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

### **Item 18 Financial Information**

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or

- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

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

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

### **Item 20 Additional Information**

#### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact David Seigle, Chief Compliance Officer, at 305.443.3339 if you have any questions regarding this policy.

#### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.