

# **WRAP FEE BROCHURE**

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Filed: March 30, 2016

This wrap fee program brochure provides information about the qualifications and business practices of Polaris Greystone Financial Group, LLC. If you have any questions about the contents of this brochure, please contact us at (800) 268-9046. 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.

Polaris Greystone Financial Group, LLC 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.

Additional information about Polaris Greystone Financial Group, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 – MATERIAL CHANGES**

Polaris Greystone Financial Group, LLC is required to advise you of any material changes to this brochure since its last annual amendment. This is our first annual amendment, and there are no material changes since our first brochure dated November 2, 2015.

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## **ITEM 4 – SERVICES, FEES AND COMPENSATION**

Polaris Greystone Financial Group, LLC (the “**Adviser**” or “**Polaris Greystone**” or “**we**”), a limited liability company formed under the laws of the State of Delaware, was formed on June 9, 2011 as Polaris Wealth Advisers, LLC. The Adviser’s principal place of business is in San Rafael, California. The Adviser is currently principally-owned by Polaris Equity Management, Inc., whose sole shareholder is Jeffrey J. Powell, and Moss Equity Management, LLC, whose sole member is Todd R. Moss. The Adviser shares management, employees and supervised persons with Polaris Equity Management, Inc. (referred to hereinafter as the Adviser’s “**Affiliate**”). The Affiliate is also a federally registered investment adviser (note that such registration does not imply a certain level of skill or training). Todd R. Moss is the sole member of Greystone Financial Group, Inc., a federally registered investment adviser.

As used in this brochure, the words “we,” “our” and “us” refer to Polaris Greystone Financial Group, Inc. 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 or Investment Adviser Representative throughout this brochure. As used in this brochure, our Associated Persons or Investment Adviser Representatives are our firm’s officers, employees, and all individuals providing investment advice on behalf of our firm.

We offer discretionary and non-discretionary portfolio management services through a wrap-fee program (“**Program**”) as described in this wrap fee program brochure. We are both the sponsor and portfolio manager for the Program. A wrap-fee program is a type of investment program that provides clients with portfolio management and brokerage services for one all-inclusive fee. If you participate in our wrap fee program, you will pay our firm a single fee and you will not pay separate transaction charges imposed by the custodian of your account as we will absorb those charges.

Prior to becoming a client under the Program, you will be required to enter into a separate written agreement with us that sets forth the terms and conditions of the engagement and describes the scope of the services to be provided, and the fees to be paid.

Our investment advice in the Program is tailored to meet our clients’ needs and investment objectives. At the beginning of our relationship, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the “**suitability information**”). We will use the suitability information we gather from our meeting to develop a strategy that enables our firm to give you continuous and focused investment advice and to make investments on your behalf. As part of our portfolio management services, we may customize an investment portfolio for you in accordance with your risk tolerance and investing objectives and/or we may also invest your assets according to one or more model portfolios developed by our firm. Your restrictions and guidelines may affect the composition of your portfolio. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your

portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

Under the Program, you may grant our firm discretionary authority to manage your account. 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 will have the right to place reasonable restrictions on your account although if we deem your restrictions to be unreasonable, we will not enter into an investment advisory agreement with you or we will terminate the existing agreement with you.

For nondiscretionary accounts, we will contact you prior to executing any transactions.

### **Investment Advice as 3(21)(A)(ii) Fiduciary Advisor for Qualified Plans**

We provide investment advisory services to qualified retirement plans which are subject to the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"). As part of our services to qualified plans, we will act as an ERISA 3(21) fiduciary investment advisor. If you hire us as a 3(21) advisor, we will make recommendations, but it is ultimately up to you, as the plan sponsor, to decide whether and how to act. As a 3(21) advisor, we will not have discretion to invest and reinvest your assets without your prior consent. Thus, as a 3(21) advisor, we will share responsibility for the selection of investments.

For all qualified plan clients, we will work with the Fiduciary to develop a formal written investment policy statement or review and amend the existing investment policy statement, which establishes specific standards and processes for investment operations of the plan. We continually monitor the Plan's investments and will periodically prepare a report that will evaluate and summarize the market environment, performance results of the Plan's investments under our advisement. In addition, the report will contain at a minimum, a summary of the Plan's asset allocation, the fees and expense ratio of each investment alternative and other information relevant to the maintenance of the Plan's investments.

### **Participant Advice**

In addition to the investment advisory services we provide to plan sponsors, the plan sponsor may engage us to provide investment advice in one-on-one meetings with participants who specifically request such advice. If we are engaged to provide investment advice to participants, the plan sponsor will notify the participant that they may contact us for questions on the plan's investment options and to arrange for a one-on-one meeting.

We provide educational meetings with all participants on a semi-annual basis or more or less frequently as requested by the plan sponsor. When requested we will then meet individually with the participant. The participant will provide information to us about their financial situation, risk tolerance, time horizon to retirement, anticipated retirement income needs and

investment objectives. Taking all of this information into consideration, we will recommend a specific investment strategy, created by us, using the funds available on the plan platform or if the Plan fiduciary, in its full discretion, makes available a brokerage window option, investment options available through the brokerage window.

### **Types of Investments**

We primarily offer advice on mutual funds and exchange traded funds. When suitable, we generally recommend no load mutual funds or load waived funds. However, we may provide advice on stocks, bonds, and options when requested. In addition, you may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **The Program Fee**

We charge an annual “wrap-fee” for participation in the Program. The annualized fee will be charged as a percentage of your assets under our management, as follows:

<b>Assets Under Management</b>	<b>Annual Fee*</b>
First \$2,000,000	1.25%
Over \$2,000,000	1.00%

*\* Minimum annual fee is \$3,125*

### **Fees for Qualified Plans**

Fee arrangements for qualified plans are individually negotiated, with the plan sponsor, depending on the nature of the engagement and the client’s distinct situation including the size of their assets under advisement and other factors. Our fees for qualified plans are described in our investment advisory agreement.

### **Fees for Participant Advice**

If the plan sponsor elects us to offer investment advice as an additional service to plan participants, we will negotiate the participant advice fee, with the plan sponsor. The participant fee will be described in our investment advisory agreement with the plan sponsor. These fees will be paid by the participant using their assets in the plan. The plan sponsor will notify participants of this service and the negotiated fee.

Our annual portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last business day of each calendar quarter. If the portfolio 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. We will adjust our management fee on a pro rata basis for deposits or withdrawals over \$10,000 that occurs anytime in your account, other than the last business day of each calendar quarter.

In addition, we may charge for extraordinary services provided outside the scope of the portfolio management agreement based on an hourly rate ranging between \$300 and \$500. Our advisory fee is negotiable, depending on individual client circumstances and whether the account is employee related. Fees are subject to change with 30 days advance written notice.

*Fee Differential:* At our sole discretion, we may charge a different wrap fee (higher or lower) based upon certain criteria such as complexity of the services, anticipated future earning capacity, future additional assets, dollar amount of assets to be managed, related accounts, account composition, number services to be provided (i.e. financial planning services), and negotiations with you.

### **Termination of Advisory Relationship**

You may terminate the portfolio management agreement by providing us with 30 days written notice. You will incur a pro rata charge for services rendered prior to the termination of the portfolio 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. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Wrap Fee Program Disclosures**

- You should be aware that participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from other advisers or broker-dealers.
- Our firm receives compensation as a result of your participation in the wrap-fee program. This compensation may be more than the amount our firm or our associated persons would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and our associated persons may have a financial incentive to recommend the Program.
- The Program may create a potential conflict of interest between you and our firm. You should be aware that we may have a disincentive to purchase or sell securities in your account because we pay the transaction costs associated with trades directed to the custodian.

### **Additional Fees and Expenses**

The Program fee includes the costs of brokerage commissions for transactions executed through the independent, qualified custodian and charges relating to the settlement, clearance, or custody of securities in the account. The Program fee does not include mark-ups and mark-downs, dealer spreads or other costs associated with the purchase or sale of securities, interest, taxes, or other costs, such as national securities exchange fees, charges for transactions not executed through the qualified custodian, costs associated with exchanging currencies, wire transfer

fees, or other fees required by law or imposed by third parties. Your account will be charged for these 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. 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 below.

Our firm is licensed as an insurance producer and persons providing investment advice on behalf of our firm are licensed as independent insurance agents. Our firm and these associated persons will earn commission-based compensation for selling insurance products outside the Program. Insurance commissions earned are separate and in addition to our advisory fees. This practice presents a conflict of interest because we have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through our firm.

## **ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$250,000 to open and maintain a managed account, with a minimum annual fee of \$3,125. 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 for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

## **ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION**

### **Performance-Based Fees and Side-by-Side Management**

We do not accept performance-based fees or participate in side-by-side management. 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. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the "Services, Fees and



Compensation” 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.

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- *Charting Analysis* - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.
- *Technical Analysis* - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.
- *Fundamental Analysis* - involves analyzing individual companies and their industry groups, such as a company’s financial statements, details regarding the company’s product line, the experience and expertise of the company’s management, and the outlook for the company’s industry. The resulting data is used to measure the true value of the company’s stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock’s value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- *Cyclical Analysis* - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.
- *Sentiment Analysis* - involves the analysis of various market surveys and data series which attempt to gauge market participants’ degree of optimism or pessimism.

- *Long Term Purchases* - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- *Short Term Purchases* - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- *Short Sales* - securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price, but if the price of the shares increase, the potential losses are unlimited.
- *Margin Transactions* - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.
- *Option Writing* - a securities transaction that involves selling an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer a premium (the market price of the option at a particular time) in exchange for writing the option. Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

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.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s) in our wrap fee program. Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk. In some cases, frequent trading can

negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes. Thus, because we absorb all of the transaction costs, we have a financial incentive to infrequently trade client accounts in our wrap fee program because infrequent trades will increase our net fee.

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 began reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the Average Cost 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**

As disclosed under the “Services, Fees and Compensation” section in this Brochure, we provide advice on mutual funds and exchange traded funds. However, we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk such as stocks, bonds and options. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

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, 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.

### **Proxy Voting**

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.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit, nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

Should we receive written or electronic notice of a class action lawsuit, settlement or verdict affecting securities owned by you, we will forward all notices, proof of claim forms and other materials to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward the information electronically.

## **ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

As the portfolio managers of our Program, we have access to all of the information you provide to us, including your financial information. Our firm has adopted a Privacy Policy, in accordance with Regulation S-P under section 504 of the Gramm-Leach-Bliley Act, which restricts our firm and associated persons’ use of and access to your nonpublic personal information. Our associated persons have access to your information on an as needed basis in order to service your needs under the Program. In order for us to effectively manage your account and assist you in meeting your financial objectives, you must update us as soon as

possible when any changes to your personal or financial information occur. You may obtain a complete copy of our Privacy Policy by contacting us at (800) 268-9046.

## **ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS**

There are no restrictions on when you may contact or consult with us regarding the Program or your account.

## **ITEM 9 – ADDITIONAL INFORMATION**

### **Disciplinary Information**

Neither our firm nor our principal owners or management persons have any reportable disciplinary information.

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

In April 2014, Greystone Financial Group, Inc. (“**Greystone Financial**”) and South Padre Ventures 2 L.L.C. formed Greystone Retirement Group, LLC, as a joint venture company, with each firm owning 50%. Greystone Retirement Group, LLC was formed to provide investment management services to trustees of qualified retirement plans and the plan’s participants. As part of the Polaris Greystone’s combination with Greystone Financial, Greystone Financial’s 50% ownership in Greystone Retirement Group, LLC was transferred to Polaris Greystone, and Greystone Retirement Group’s name was changed to Polaris Greystone Advisory Group, LLC. Polaris Greystone Advisory Group, LLC is a related person of Polaris Greystone.

As noted previously, the Adviser is under common control with, and shares management, employees, and supervised persons with Polaris Equity Management, Inc. (referred to herein as the Adviser’s “**Affiliate**”). The Affiliate is also a federally registered investment adviser (note that such registration does not imply a certain level of skill or training).

As noted in Item 4 above, Polaris Greystone is currently principally-owned by Polaris Equity Management, Inc., whose sole shareholder is Jeffrey J. Powell, and Moss Equity Management, LLC, whose sole member is Todd R. Moss, who is currently also the sole member of Greystone Financial, a federally registered investment adviser. Polaris Greystone currently serves as a subadviser to Greystone Financial with respect to Greystone Financial’s advisory clients.

### **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 our Chief Compliance Officer at (800) 268-9046.

### **Personal Trading Practices**

Our firm and employees are permitted to buy or sell securities that we recommend to clients. 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. Our employees are prohibited from buying or selling securities for themselves or for their immediate family (i.e. spouse, minor children, and adults living in the same household) until the trades are reviewed and pre-cleared by our Chief Compliance Officer or their designee.

### **Reviews of Accounts**

The investment adviser representative handling your account will monitor your account on an ongoing basis and will offer to meet with you on at least an annual basis to discuss and review your current investment objectives and the performance of your account. Together we will determine if any material differences have developed in your personal and/or financial condition or if adjustments may be warranted with your portfolio investments. Your investment adviser representative is available upon your request to meet with you if you wish to meet more frequently than once a year.

We may also conduct additional reviews based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We will provide you with a quarterly written report setting forth the distributions (taxable or tax exempt), current market value, increase or decrease in value, securities sold since the last report and any profit or loss actually realized. In addition, you will receive trade confirmations and monthly\or quarterly statements from your account custodian(s).

## **Client Referrals and Other Compensation**

We may directly compensate non-employee (outside) 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 our firm's 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 recommend that you request that the Solicitor disclose to you whether multiple referral relationships exist and whether comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

Please refer to the "Brokerage Practices" section below for disclosures on research, benefits and referrals we may receive resulting from our relationship with TD Ameritrade.

## **Brokerage Practices**

The Adviser will generally seek "best execution" in light of the circumstances involved in transactions. The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution, and offering to the Adviser on-line access to computerized data regarding a client's accounts. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

The Adviser currently has arrangements with TD Ameritrade Institutional and Schwab Institutional whereby the Adviser would suggest to its clients that either TD Ameritrade Institutional or Schwab Institutional serves as the custodian to their accounts. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., member FINRA/SIPC/NFA. TD Ameritrade is an independent SEC-registered broker-dealer. Schwab Institutional is a division of Charles

Schwab & Co., Inc., member SIPC (“**Schwab**”). Schwab is an independent SEC-registered broker-dealer and investment adviser. The Adviser and its Affiliate are separate and unaffiliated with either TD Ameritrade or Schwab and therefore are independently owned and operated. The duty of best execution is not eliminated by the foregoing arrangements the Adviser currently has with TD Ameritrade and Schwab.

In selecting TD Ameritrade as the broker and custodian for certain of our current and future client accounts, we also consider our agreement with TD Ameritrade’s affiliate, Amerivest, dated October 22, 2015 (the “**Agreement**”). TD Ameritrade will not charge commissions on transactions in ETFs in our clients’ ASA Accounts, including transactions to liquidate positions transferred into such accounts. The Adviser’s various dealings with TD Ameritrade may give rise to potential conflicts between itself and its clients when recommending that such clients use TD Ameritrade as the custodian to their accounts.

As described above, we offer portfolio management services utilizing Amerivest, an internet asset allocation service, as a subadviser. We pay Amerivest an annual sub-advisory fee, payable quarterly, for this service. The fee is based on the amount of our client assets that we place or commit to place in the service, net of withdrawals. Client assets that are “plan assets” (subject to Title I of ERISA or of a plan as defined in Section 4975 of the Internal Revenue Code of 1986, as amended) will be excluded from the determination of the level of client assets in the service for the purpose of the fee computation.

The basic fee we pay for the Amerivest service is 30 basis points per year for each client account. There is a \$25,000 minimum asset requirement per client account. The basic fees are reduced when we place or commit to place more client assets in the service. The basic fee is reduced for all client accounts when we place or commit to place \$1 million or more of our client assets in the service and is reduced further when we place or commit to place \$5 million or more of our client assets in the service. If we place or commit to place \$1 million to \$4,999,999.99 of our client assets in the service, we will have the annual fee reduced to 25 basis points. If we commit to place such amount, but in fact do not within ninety (90) days, we will be charged at the basic rate. Similarly, if we place or commit to place \$5 million or more of client assets in the service, we will have the annual fee reduced to 20 basis points. If we commit to place such amount, but in fact do not within ninety (90) days, we will be charged at the rate applicable to \$1 million or more if that level is reached or, if not, at the basic rate. The actual amount we pay will be based on the market value of client assets in the service on the last day of each calendar quarter multiplied by one fourth of the applicable fees.

We determine the amount of the investment management fees we charge to our clients. We may include the amount of fees we pay to Amerivest for the service in the fees we charge and may or may not pass on to clients any fee reduction we receive in connection with the service. Although we currently believe that the TD Ameritrade custody and brokerage services and the Amerivest sub-advisory service are competitive in the marketplace for similar services offered by other broker-dealers, custodians, and advisers, the agreement with Amerivest and its



fee structure may affect our independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for our client accounts and Amerivest as a subadviser.

### **Economic Benefits/Additional Compensation**

As disclosed above, Adviser and its Affiliate participate in TD Ameritrade's institutional customer program and the Adviser and its Affiliate may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between the Adviser's and its Affiliate's participation in the program and the investment advice it gives to its clients, although they receive economic benefits through 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 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 and/or services provided to the Adviser and its Affiliate by third party vendors (i.e., the fees paid by the Adviser and/or its Affiliate to these third party vendors with respect to these products and/or services would generally have been higher had they not participated in the program). TD Ameritrade may also have paid for business consulting and professional services received by the Adviser's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit the Adviser and its Affiliate but may not benefit client accounts. These products or services may assist the Adviser and/or its Affiliate 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 and its Affiliate manage and further develop their respective business enterprises. The benefits received by the Adviser (or its related persons) 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 aware, however, that the receipt of economic benefits by the Adviser, its Affiliate (or their 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 and brokerage services.

The Adviser and its Affiliate will also receive from TD Ameritrade, pursuant to a separate agreement ("**Additional Services Addendum**"), certain additional benefits ("**Additional Services**") that may or may not be offered to any other independent investment advisers participating in the Program. Specifically, the Additional Services will include an annual payment by TD Ameritrade to cover expenses associated with Ned Davis Research, a

third-party research firm. TD Ameritrade will provide the Additional Services in its sole discretion and at its own expense, and the Adviser and its Affiliate will not pay any fees to TD Ameritrade for the Additional Services.

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

In addition, TD Ameritrade may sponsor seminars attended by its clients and may ask the Adviser and/or its Affiliate to present at such seminars. With respect to the TD Ameritrade seminars in which the Adviser and/or its Affiliate is a presenter, the Adviser and/or its Affiliate will generally pay for all the expenses associated with such seminars (e.g., location rental fees), and TD Ameritrade will pay for any expenses it may incur relating to the seminars, including, but not limited to, costs and expenses associated notifying its clients of the seminars (e.g., mailing-related expenses).

Adviser serves on the TD Ameritrade Institutional President's Council ("**Council**"). The Panel consists of independent investment advisors that advise TD Ameritrade Institutional ("**TDA Institutional**") on issues relevant to the independent advisor community. The Council meets in person on average 1-2 times per year and conducts periodic conference calls on an as needed basis. At times, Council members are provided confidential information about TDA Institutional initiatives. Council members are required to sign confidentiality agreements. TD Ameritrade does not compensate Council members. However, TD Ameritrade pays or reimburses Adviser for the travel, lodging and meal expenses Adviser incurs in attending Council meetings. The benefits received by Adviser or its personnel by serving on the Council do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Adviser or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Adviser's recommendation of TD Ameritrade for custody and brokerage services.

These arrangements with TD Ameritrade may pose a conflict of interest in that they may create an incentive for the Adviser to recommend to its clients the services of TD Ameritrade, which may include custodial and brokerage services.

## **Brokerage for Client Referrals**

The Adviser and its Affiliate will receive client referrals from TD Ameritrade through participation in the TD Ameritrade AdvisorDirect Program (the “**Service**”), a referral program established by TD Ameritrade. The Service is designed to help TD Ameritrade’s brokerage customers and other investors, seeking fee-based personal investment management services or financial planning services, to find independent investment advisors to manage their assets for which TD Ameritrade provides custodial and/or brokerage services. Pursuant to the terms of participation in the Service, the Adviser will pay on-going fees to TD Ameritrade in connection with successful client referrals to it, with such fees not to exceed twenty-five percent (25%) of the advisory fees paid to the Adviser by clients referred to the Adviser as a result of its participation in the Service (the “**Referral Fees**”). The Adviser will also pay TD Ameritrade the Referral Fees on any advisory fees received by the Adviser 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 the Adviser on the recommendation of such referred client. With respect to these clients, the Adviser will not charge any fees or costs higher than the Adviser’s standard fee schedule offered to other advisory clients or otherwise pass Referral Fees paid to TD Ameritrade to its clients. The Adviser’s Affiliate participates in the Service on the same terms described above. 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, which is available from the Adviser upon request.

Clients should be aware that in addition to meeting the minimum eligibility criteria for selection for participation in the Service, the Adviser may have been selected by TD Ameritrade based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, the Adviser’s clients’ accounts maintained at TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, the Adviser may have an incentive to (i) recommend to clients that client assets under the Adviser’s management should be held in custody with TD Ameritrade and (ii) place transactions for client accounts with TD Ameritrade. Clients should also be aware that pursuant to the terms of its participation in the Service, the Adviser agreed not to solicit clients referred through the Service to transfer their brokerage accounts from TD Ameritrade or establish brokerage or custody accounts at other custodians other than when the Adviser’s fiduciary duties require it to recommend other broker-dealers or custodians to such clients. The Adviser’s participation in the Service does not diminish its duty to seek best execution of trades for client accounts. Participation in the Service may pose a potential conflict of interest between the Adviser and certain of its clients in that it may create an incentive for the Adviser to recommend TD Ameritrade to provide those clients with custody and brokerage services.

The Adviser may from time to time also engage other solicitors to whom it pays referral fees for the referral of their clients to the firm. In such cases, this practice will be disclosed in writing to the client, and the Adviser will comply with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), and applicable state and federal laws.

## **Trade Aggregation, Allocation Policy and Partial Fills**

We may combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as “block trading”). We may aggregate orders for securities transactions on a portfolio basis such that all client accounts invested in accordance with the same strategy will be traded in a block trade. In doing so, we strive to treat each client fairly and will not favor one client over another client. Each account that participates in an aggregated order will participate at the average share price for all transactions ordered by us in that security on a given business day. If an aggregated order is not filled in its entirety, it may be allocated among participating accounts on a pro rata basis. However, if the partial fill is determined to be inappropriate for an account such that the number of shares for a particular account would be too few to warrant the investment or result in partial shares, then the shares will not be allocated to that account. If the security is so thinly traded that we are unable to obtain sufficient shares for all clients, it is possible that the entire trade would be busted.

We will not aggregate trades for your accounts if you have placed restrictions on your accounts or when your account is subject to customized management. We are unable to include these accounts in our block trade because the restrictions placed on the account by the client require individual review before we make any trades. Thus, if you place restrictions on your account, we will not aggregate your trades with that of our other clients.

We do not aggregate trades for accounts owned by our firm or persons associated with our firm.

## **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 the reversal of the trade error results in a gain to the Adviser, the executing broker-dealer will donate the gain to a charity. The gain is not credited to the client. If this results in a loss, the loss is borne by the Adviser.

## **Financial Information**

Our firm does not have any financial conditions or impairments that would prevent us from meeting our contractual commitments to you.