

# Sound Income Strategies, LLC

## Wrap Fee Program Brochure

*This brochure provides information about the qualifications and business practices of Sound Income Strategies, LLC. If you have any questions about the contents of this brochure, please contact us at 914-921-2505 or by email at: [dackerman@soundincomestrategies.com](mailto:dackerman@soundincomestrategies.com). 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 Sound Income Strategies, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Sound Income Strategies, LLC's CRD number is: 173272*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

Sound Income Strategies, LLC has not yet filed a Wrap Fee Program Brochure. Therefore there are no material changes to this brochure to report.

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## **Item 4: Services Fees and Compensation**

Sound Income Strategies, LLC (hereinafter "SIS") offers the following services to advisory clients:

### **A. Description of Services**

SIS participates in and sponsors a wrap fee program, which allows SIS to manage client accounts for a single fee that includes both portfolio management services and brokerage costs. The fee schedule is set forth below:

<b>Total Assets Under Management</b>	<b>Maximum Annual Fee</b>
\$15,000 - \$1,000,000	1.50%
\$1,000,001 - And Up	1.25%

The final fee schedule is attached as Exhibit II of the client contract. SIS uses the last day of previous month for purposes of determining the market value of the assets upon which the advisory fee is based.

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid monthly in arrears. Because fees are charged in arrears, no refund policy is necessary.

Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract immediately upon written notice.

### **B. Contribution Cost Factors**

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program, including the trading activity in the client's account, the adviser's ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

### **C. Additional Fees**

Clients who participate in the wrap fee program will not have to pay for transaction or trading fees. However, clients are still responsible for all other account fees, such as annual IRA fees to the custodian or mutual fund fees.

## **D. Compensation of Client Participation**

Representatives of SIS may receive additional compensation beyond advisory fees for the participation of client's in the wrap fee program. Compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and other services. Therefore, SIS may have a financial incentive to recommend the wrap fee program to clients.

## **Item 5: Account Requirements and Types of Clients**

SIS generally provides its wrap fee program services to the following types of clients:

- ❖ Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ Corporations or Business Entities

### ***Minimum Account Size***

There is an account minimum of \$15,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **A. Selecting/Reviewing Portfolio Managers**

SIS will not select any outside portfolio managers for management of this wrap fee program. SIS will be the sole portfolio manager for this wrap fee program.

#### ***1. Standards Used to Calculate Portfolio Manager Performance***

SIS will use industry standards to calculate portfolio manager performance.

#### ***2. Review of Performance Information***

SIS reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is reviewed annually and is reviewed by SIS.

## **B. Related Persons**

No related persons act as a portfolio manager for the wrap fee program as described in this brochure. As such, there are no conflicts of interest with related persons and ACM will not select any related persons as portfolio managers for this wrap fee program.

## **C. Advisory Business**

SIS offers portfolio management services to its wrap fee program participants as discussed in Section 4 above.

### ***Wrap Fee Portfolio Management***

SIS offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. SIS creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

SIS evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

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

SIS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### ***Services Limited to Specific Types of Investments***

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective.

### ***Client Tailored Services and Client Imposed Restrictions***

SIS will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by SIS on behalf of the client. SIS will not use "model portfolios" but rather a specific set of recommendations for each client based on their personal restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent SIS from properly servicing the client account, or if the restrictions would require SIS to deviate from its standard suite of services, SIS reserves the right to end the relationship.

### ***Wrap Fee Programs***

SIS sponsors and acts as portfolio manager for this wrap fee program. SIS manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than non-wrap fee. The fees paid to the wrap account program will be given to SIS as a management fee.

### ***Amounts Under Management***

SIS has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$22,100,000	\$3,400,000	February 2015

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

Security analysis methods typically will involve fixed income analysis. Fixed income analysis is the valuation of fixed income or debt securities, and the analysis of their interest rate risk, credit risk, and likely price behavior in hedging portfolios. This includes analyzing bonds issued by the same entity for different maturities.

Regarding equity securities, these methods may also include fundamental analysis and technical analysis. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis involves evaluating a stock using real data such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth. Technical analysis involves evaluating securities based on past prices and volume.

The main sources of information include financial newspapers and magazines, research material prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission and company press releases.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes a document stating their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases and trading..



## ***Material Risks Involved & Risks of Specific Securities Utilized***

All investment programs have certain risks that are borne by the investor. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with SIS:

*Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

*Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

*Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.

*Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

*Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

*Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

*Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

*Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

### ***Voting Client Proxies***

SIS will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 7: Client Information Provided to Portfolio Managers**

SIS is the portfolio managers for this wrap fee program. All client information that is collected, including basic information, risk tolerance, sophistication level, and income level will be collected by SIS. As that information changes and is updated, SIS will have immediate access to that information once collected.

## **Item 8: Client Contact with Portfolio Managers**

SIS places no restrictions on client ability to contact its portfolio managers. SIS's representative, David Scranton can be contacted during regular business hours and contact information is on the cover page of David Scranton's Form ADV Part 2B brochure supplement.

## **Item 9: Additional Information**

### **A. Disciplinary Action and Other Financial Industry Activities**

#### ***Criminal or Civil Actions***

There are no criminal or civil actions to report.

#### ***Administrative Proceedings***

There are no administrative proceedings to report.

#### ***Self-regulatory Organization Proceedings***

There are no self-regulatory organization proceedings to report.

#### ***Registration as a Broker/Dealer or Broker/Dealer Representative***

Mark S. Falter is a registered representative of Investors Capital Corp.

Jason D. Carrier is a registered representative of Broker Dealer Financial Services Corp.

### ***Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor***

Neither SIS nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### ***Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests***

David Scranton is also licensed as an independent insurance agent for various insurance companies. Approximately 30% of Mr. Scranton's time is spent in his insurance practice. From time to time, he will offer clients advice or products from these activities. Therefore, they will be able to purchase products for any client in need of such services.

Jason D. Carrier is a registered representative with Broker Dealer Financial Services Corp. and a licensed insurance agent, selling products through Scranton Financial Group. From time to time, he will offer clients advice or products from these activities.

Yvette M. Scanlon is an investment adviser representative with another investment advisory firm. From time to time, she will offer clients advice or products from these activities.

Mark S. Falter is a registered representative and an investment adviser representative with Investors Capital Corp., President of Mid-American Tax Advisory Group and a licensed insurance agent. From time to time, he will offer clients advice or products from these activities.

These practices represent conflicts of interest because it gives an incentive to recommend products based on the commission amount received. This conflict is mitigated by the fact that Mr. Scranton has a fiduciary responsibility to place the best interest of the client first and the clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

### ***Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections***

SIS may at times utilize the UMA program through TD Ameritrade to assist in the management of client accounts. In such circumstances, SIS' fees are in addition to any custodial or fees charged by other investment advisors. This situation does not create a conflict of interest because SIS charges the same fees for clients utilizing the UMA program and those who do not. Fees for these services will be based on a percentage of assets under management as follows: TD Ameritrade clearing and custody fees range from 6 basis points to 22 basis points, the Overlay Manager fees range from 10 basis

points to 20 points and the Model Portfolio Advisors Fees range from 15 basis points to 90basis points. The final fee schedule will be attached to the UMA Agreement.

## **B. Code of Ethics, Client Referrals, and Financial Information**

### ***Code of Ethics***

The employees of SIS have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of SIS employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of SIS. The Code reflects SIS and its supervised persons' responsibility to act in the best interest of their client.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

SIS policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of SIS may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

SIS' Code is based on the guiding principle that the interests of the client are our top priority. SIS' officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

### ***Recommendations Involving Material Financial Interests***

SIS does not recommend that clients buy or sell any security in which a related person to SIS or SIS has a material financial interest.

### ***Investing Personal Money in the Same Securities as Clients***

SIS and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide SIS with copies of their brokerage statements.

The Chief Compliance Officer of SIS is David Ackerman. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

### ***Trading Securities At/Around the Same Time as Clients' Securities***

SIS does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide SIS with copies of their brokerage statements.

### ***Frequency and Nature of Periodic Reviews and Who Makes Those Reviews***

Account reviews are performed quarterly by Investment Advisor Representatives of SIS. Account reviews are performed more frequently when market conditions dictate. Financial planning relationships with clients are monitored on an ongoing basis to ensure the recommendations made are within the scope of the plan remain suitable.

### ***Factors That Will Trigger a Non-Periodic Review of Client Accounts***

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### ***Content and Frequency of Regular Reports Provided to Clients***

Clients receive account statements no less than quarterly for managed accounts. Account statements are issued by the Advisor's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.

***Economic Benefits Provided by Third Parties for Advice Rendered to Clients  
(Includes Sales Awards or Other Prizes)***

SIS does not receive any economic benefit, directly or indirectly from any third party for advice rendered to SIS clients.

***Compensation to Non – Advisory Personnel for Client Referrals***

SIS may, from time to time, enter into agreements with individuals and organizations, which may be affiliated or unaffiliated with SIS, that refer clients to SIS in exchange for compensation. All such agreements will be in writing and comply with the requirements of Federal or State regulation. If a client is introduced to SIS by a solicitor, SIS may pay that solicitor a fee. While the specific terms of each agreement may differ, generally, the compensation will be based upon SIS engagement of new clients and is calculated using a varying percentage of the fees paid to Sector Analysts, LLC by such clients. Any such fee shall be paid solely from SIS investment management fee, and shall not result in any additional charge to the client.

Each prospective client who is referred to SIS under such an arrangement will receive a copy of this brochure and a separate written disclosure document disclosing the nature of the relationship between the solicitor and SIS and the amount of compensation that will be paid by SIS to the solicitor. The solicitor is required to obtain the client's signature acknowledging receipt of SIS's disclosure brochure and the solicitor's written disclosure statement.

***Balance Sheet***

SIS does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

***Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

Neither SIS nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

***Bankruptcy Petitions in Previous Ten Years***

SIS has not been the subject of a bankruptcy petition in the last ten years.