

Item 1 Cover Page



Kraft, Davis & Associates, LLC
Doing Business As: ADK Wealth Advisory Group

Registered Investment Adviser

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June 18, 2015

NOTICE TO PROSPECTIVE CLIENTS: READ THIS DISCLOSURE BROCHURE IN ITS ENTIRETY

All the material within this Brochure must be reviewed by those who are considering becoming a client of our firm. This Brochure provides information about the qualifications and business practices of Kraft, Davis & Associates, LLC doing business as ADK Wealth Advisory Group. If you have any questions about the contents of this Brochure, please contact us at (314) 878-1489 or ddavis@adkinc.com.

In accordance with federal and state regulations, this Brochure is on file with the appropriate securities regulatory authorities as required. The information provided within this Brochure is not to be construed as an endorsement or recommendation by state securities authorities in any jurisdiction within the United States, or by the United States Securities and Exchange Commission. 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. Registration of a registered investment adviser does not imply any level of skill or training. Additional information about Kraft, Davis & Associates, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Since our last Brochure dated May 27, 2015, there have been no material changes.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, this document may be requested by contacting us at (314) 878-1489 or at ddavis@adkinc.com. We welcome visitors to our website at www.discoverindependence.com for a comprehensive overview of our firm and the professional services we offer.

Additional information about Kraft, Davis & Associates, LLC is also available via the SEC's website www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with Kraft, Davis & Associates, LLC who are registered, or are required to be registered, as investment advisor representatives of Kraft, Davis & Associates, LLC.

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Item 4 – Advisory Business

Kraft, Davis & Associates, LLC, doing business as ADK Wealth Advisory Group (hereinafter referred to as “ADK” or “Advisor”) is an investment adviser with the Securities and Exchange Commission (“SEC”). Mr. Cory Kraft and Mr. Daniel Davis are the founding members of ADK. Mr. Davis is the President and Chief Compliance Officer and Cory Kraft is the Chief Executive Officer.

Any and all material conflicts of interest are disclosed herein.

ADK provides fee based investment advisory services primarily to individual clients and high-net worth individuals.

- The firm is compensated based on a percentage of assets under management, as well as an hourly and fixed fee basis.
- The individuals associated with ADK are appropriately licensed, and authorized to provide advisory services on behalf of ADK.

Investment advisor representatives (“IARs”) are restricted to providing services and charging fees based in accordance with the descriptions detailed in this document and the account agreement. However, the exact service and fees charged to a particular client are dependent upon the representative that is working with the client. Advisors are instructed to consider the individual needs of each client when recommending an advisory platform. Investment strategies and recommendations are tailored to the individual needs of each client. Individuals associated with ADK are also registered representatives of LPL Financial, an SEC registered broker-dealer and investment adviser, a member of the Financial Regulatory Authority (“FINRA”) and the Securities Investors Protection Corporation (“SIPC”). Any securities transactions shall be directed to LPL Financial for execution. ADK and LPL Financial are not affiliated legal entities.

Asset Management

ADK, through its investment advisor representatives, provides ongoing investment advice and management on assets in the client’s custodial Strategic Wealth Management (SWM) account held at LPL Financial. Strategic Wealth Management is the name of the custodial account offered through LPL to support investment advisory services provided by ADK to our clients. More specific account information and acknowledgements are further detailed on the account application.

Investment advisor representatives provide advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds (“ETFs”), variable annuity subaccounts, real estate investment trusts (“REITs”), equities, and fixed income securities. The advice is tailored to the individual needs of the client based on the investment objective chosen by the client in order to help assist clients in attempting to meet their financial goals. Accounts are reviewed on a regular basis and rebalanced as necessary according to each client’s investment profile.

A minimum account value of \$25,000 is generally required for the program. In certain instances, ADK will permit a lower minimum account size.

Assets managed in a wrap fee account are not managed differently from a non-wrap fee account. ADK does not sponsor a wrap fee program, but clients may utilize one of the LPL-sponsored wrap programs described within this section.

ADK offers asset management on a discretionary and non-discretionary basis. As of June 18, 2015, the firm has \$0 assets under management. The IARs of ADK, in their capacity as IARs of LPL Financial, currently manage approximately \$230,000,000 assets under management. Those assets will transition to ADK's investment adviser if agreed upon by the Clients.

Personal Wealth Portfolios Program (PWP)

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. Advisor will have discretion for selecting the asset allocation model portfolio based on client's investment objective. Advisor will also have discretion for selecting third-party money managers (PWP Advisors) or mutual funds within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities.

A minimum account value of \$250,000 is required for PWP.

Model Wealth Portfolios Program (MWP)

MWP offers clients a professionally managed mutual fund asset allocation program. ADK investment advisor representatives will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange traded funds) and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, Advisor will have discretion to choose among the available models designed by LPL and outside strategists.

A minimum account value of \$25,000 is required for MWP.

Manager Access Select Program

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. Advisor will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

Financial Planning Services

As part of our financial planning services, ADK, through its investment advisor representatives, may provide personal financial planning tailored to the individual needs of the client. These services may include, as selected by the client on the financial planning agreement, information and recommendations regarding tax planning, investment planning, retirement planning, pension consulting, estate needs, business needs, education planning, life and disability insurance needs, long-term care needs and cash flow/budget planning. The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data. Fees for such services are negotiable and detailed in the client agreement.

The financial plan may include generic recommendations as to general types of investment products or specific securities which may be appropriate for the Client to purchase given his/her financial situation and objectives. The Client is under no obligation to act upon the investment adviser's recommendation or purchase such securities through ADK and the IAR. If the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through the investment adviser. If the Client desires to purchase securities in order to implement his/her financial plan, ADK may make a variety of products and services available through its IARs. This may result in the payment of normal and customary commissions or other types of compensation to the IARs, in their separate capacity as registered representatives of a broker-dealer.

A potential conflict exists between the interests of the investment adviser and the interests of the client. Depending on the type of account that could be used to implement a financial plan, such compensation may include, but is not limited to, advisory fees; commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund, managed futures, and variable annuity investor servicing fees; retirement plan fees; fees in connection with an insured deposit account program; marketing support payments from mutual fund, annuity and insurance sponsors; administrative servicing fees for trust accounts; referral fees; compensation for directing order flow; and bonuses, awards or other things of value offered by ADK to the IAR. To the extent that IAR recommends that Client invest in products and services that will result in compensation being paid to ADK and the IAR, this presents a

conflict of interest. This compensation to IAR and ADK may be more or less depending on the product or service that IAR recommends. Therefore, the IAR may have a financial incentive to recommend that a financial plan be implemented using a certain product or service over another product or service.

The IAR may receive additional cash or non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives.

Hourly Consulting Services

ADK, through its IARs, may provide consulting services on an hourly or fixed fee basis. These services may include, as selected by the client in the consulting agreement, advice regarding tax planning, investment planning, retirement planning, pension consulting, estate planning, cash flow/budget planning, business planning, education planning, and personal financial planning. The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data. The IARs may or may not deliver to the client a written analysis or report as part of the services. The IARs tailor the hourly or fixed fee consulting services to the individual needs of the client based on the investment objective chosen by the client. The engagement terminates upon final consultation with the client. Fees for such services are negotiable and detailed in the client agreement.

Item 5 – Fees and Compensation

Asset Management

The specific manner in which fees are charged by the firm is established in a client's written agreement and account application between the client and ADK – up to 2.5% of assets under management. Clients can determine to engage the services of ADK on a discretionary or non-discretionary basis. For clients opting to receive non-discretionary services, ADK will secure client's authorization prior to executing transactions. The firm's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the firm's management to be charged quarterly in advance, and ADK representatives may at their discretion negotiate a fee.

The account fee charged to the client for each advisory program is subject to the following maximum account fees:

<u>Advisory Program</u>	<u>Annual Percentage of Assets Charge</u>
Asset Management	2.5%
PWP	2.5%
MWP	2.5%
Manager Access Select	2.5%

LPL is responsible for calculating and deducting advisory fees from client accounts. Client must provide LPL with written authorization to deduct fees and pay the advisory fees to ADK. ADK will then share the advisory fee with its investment advisor representatives.

In addition to the advisory fee, the Client will pay certain transaction charges for trade execution. ADK will not receive any portion of the transaction charges. These transaction charges are outlined in the LPL brokerage account application and are paid to LPL. If the custom advisory services apply to variable annuities for which the investment advisor representative receives trail compensation, such trail fees generally will be used to offset the advisory fee. In most cases, however, a third-party broker-dealer will provide trade execution. In such case, the broker-dealer may charge clients commissions, markups, markdowns and/or transaction charges.

In connection with investments made through the account, the Client may also incur certain charges imposed by third parties other than ADK including, but not limited to, mutual fund 12b-1 fees, mutual fund management fees and administrative expenses, mutual fund transaction fees, deferred sales charges on previously purchased mutual funds transferred into the account, variable annuity expenses, other transaction charges and service fees, IRA and qualified retirement plan fees, administrative servicing fees for trust accounts, creation and development fees or similar fees imposed by unit investment trust sponsors, hedge fund and managed future investment management fees, managed futures investor servicing fees, fees relating to American Depository Receipts, and other charges required by law.

Either party may terminate the agreement for services at any time. If the advisory agreement is terminated before the end of the quarterly period, client is entitled to a pro-rated refund of any pre-paid quarterly advisory fee based on the number of days remaining in the quarter after the termination date.

For additional information, please see Item 12 – Brokerage Practices.

Personal Wealth Portfolios Program (PWP)

In the PWP program, clients pay LPL and its IARs a single wrap fee (“Account Fee”) for advisory services and execution of transactions. The Account Fee is negotiable between the client and the IAR and is set out in the Account Application. The Account Fee is a straight percentage based on the value of all assets in the account, including cash holdings. The maximum Account Fee will not exceed industry standards and is 2.50%. The Account Fee is paid to LPL, and LPL retains 0.10% for its Overlay Portfolio Manager services, and up to 0.58% for its administrative, custody and clearing services and the Portfolio design services of LPL Research. LPL pays a portion of the Account Fee to the PWP Advisors. LPL shares between 90% to 100% of the remaining portion of the Account Fee with the IAR based on the agreement between LPL and the IAR. The portion of the Account Fee paid to the PWP Advisors varies by asset class and investment strategy, and ranges from 0.15% to 0.35%. To the extent that fee rates charged by PWP Advisors within the same asset class vary, an IAR may have a financial incentive to select one PWP Advisor over another. If a Portfolio is

selected that does not include a PWP Advisor Model, this will result in each of LPL and the IAR retaining a greater portion of the Account Fee than if a Portfolio was selected that included a PWP Advisor Model, because no portion of the Account Fee will be paid to a PWP Advisor.

The fees paid by LPL to PWP Advisors in the program are generally less than a PWP Advisor would charge a client seeking to establish a direct relationship outside of the program. LPL is absorbing many of the billing, administrative, and marketing expenses that would otherwise be borne by the PWP Advisor and the role of the PWP Advisor is generally limited to providing Models to LPL. PWP Advisors generally have higher minimum account size requirements when managing direct accounts and higher fees when the PWP Advisor bears those expenses. In providing ongoing advice and management for the account, IAR may recommend or select a Portfolio that would result in the IAR's retaining more or less of the Account Fee than it would if another Portfolio were recommended or selected.

LPL deducts the Account Fee and other fees and charges associated with a PWP account from the account. LPL calculates and deducts the Account Fee in the method described in the Account Agreement, unless other arrangements are made in writing. If a client wishes to be billed for the Account Fee, rather than a deduction directly from the account, the client needs to make a request to LPL through the IAR. LPL and IAR do not accept performance-based fees under the PWP program.

LPL deducts the Account Fee quarterly in advance. The Agreement may be terminated by any party effective upon receipt of written notice to the other parties. If the Account Agreement is terminated before the end of the quarterly period, LPL will pay the client a prorated refund of any pre-paid quarterly Account Fee based on the number of days remaining in the quarter after the termination date.

Model Wealth Portfolios Program (MWP)

In the MWP program, clients pay LPL and its IARs an ongoing advisory fee ("Account Fee"). The Account Fee is negotiable between the client and the IAR and is set out in the Account Application. The Account Fee is a straight percentage based on the value of all assets in the account, including cash holdings. The maximum Account Fee will not exceed industry standards and is 2.50%. The Account Fee is paid to LPL, and LPL retains up to 0.58% for its administrative services and OPM services. For Portfolios designed by LPL, LPL retains an additional amount of between 0.15% and 0.25% as a strategist fee for such Portfolio design services. For Portfolios designed by Portfolio Strategists other than LPL, LPL pays a portion of the Account Fee to the Portfolio Strategist. LPL shares between 90% to 100% of the remaining portion of the Account Fee with the IAR based on the agreement between LPL and the IAR. If a Portfolio designed by a Portfolio Strategist other than LPL is selected, the Portfolio Strategist will receive a portion of the Account Fee, which will result in each of LPL retaining a smaller portion of the Account Fee than if no Portfolio designed by a Portfolio Strategist other than LPL were selected. The portion of the Account Fee paid to the Portfolio Strategist is negotiated between LPL and the Portfolio Strategist and ranges from 0.15% to 0.25%. The fee rates charged by Portfolio Strategists vary based on the Portfolio selected. The

IAR when determining the Account Fee may factor in any Portfolio Strategist fee, and the Portfolio Strategist fee may result in a higher Account Fee to the client. In providing ongoing advice and management for the account, the IAR may recommend or select a Portfolio that would result in the IAR's retaining more or less of the Account Fee than it would if another Portfolio were recommended or selected.

LPL deducts the Account Fee and other fees and charges associated with an MWP account from the account. LPL calculates and deducts the Account Fee in the method described in the Account Agreement, unless other arrangements are made in writing. If a client wishes to be billed for the Account Fee, rather than a deduction directly from the account, the client needs to make a request to LPL through the IAR.

LPL deducts the Account Fee quarterly in advance. The Agreement may be terminated by any party upon written notice to the other parties. If the Account Agreement is terminated before the end of the quarterly period, LPL will pay the client a pro-rated refund of any pre-paid quarterly Account Fee based on the number of days remaining in the quarter after the termination date.

Manager Access Select Program

In the Manager Select program, clients pay LPL, IAR and Portfolio Manager a single wrap fee ("Account Fee") for advisory services and execution of transactions. Clients do not pay LPL or IARs brokerage commissions, markups or transaction charges for execution of transactions in addition to the Account Fee.

The Account Fee is negotiable between the client and the IAR and is set out in the Account Application. The Account Fee is typically a straight percentage based on the value of all assets in the account, including cash holdings. The Account Fee also may be structured on a tiered basis, with a reduced percentage rate based on reaching certain thresholds. The maximum Account Fee will not exceed industry standards and is 2.5%. LPL, Portfolio Managers and IARs do not charge performance-based fees the program accounts. The Account Fee is paid to LPL and is shared among LPL, IAR and Portfolio Manager. LPL retains up to 0.70% for its administrative, custody and clearing services. LPL pays a portion of the Account Fee to the Portfolio Manager. LPL shares between 90% to 100% of the remaining portion of the Account Fee with the IAR based on the agreement between LPL and the IAR.

The portion of the Account Fee paid to Portfolio Managers is negotiated between LPL and the Portfolio Manager and ranges from 0.15% to 1.25% of account assets per year. Because the fee rates charged by the Portfolio Managers vary, an IAR may have a financial incentive to recommend one Portfolio Manager over another. The fees paid to Portfolio Managers in the program are generally less than fees the Portfolio Manager would charge a client seeking to establish a direct relationship with the Portfolio Manager outside of a wrap program. This is principally due to the fact that LPL absorbs many of the billing, administrative, and marketing expenses that would otherwise be borne by the Portfolio Manager. Portfolio Managers

generally have higher minimum account size requirements and fees for direct accounts because of such additional expenses.

LPL deducts the Account Fee and other fees and charges associated with a Manager Select account from the account. LPL calculates and deducts the Account Fee in the method described in the Account Agreement, unless other arrangements are made in writing. If a client wishes to be billed for the Account Fee, rather than a deduction directly from the account, the client needs to make a request to LPL through the IAR.

LPL deducts the Account Fee quarterly in advance. The Agreement may be terminated by any party effective upon receipt of written notice to the other parties. If the Account Agreement is terminated before the end of the quarterly period, LPL will pay the client a pro-rated refund of any pre-paid quarterly Account Fee based on the number of days remaining in the quarter after the termination date.

Financial Planning and Hourly Consulting Services

Fees for financial planning and consulting services are charged on an hourly or fixed fee basis. The maximum hourly fee to be charged any client will not exceed \$600. Fixed fees range from \$750 to \$4,000. Fees for such services are negotiable. The client may choose to pay the fee upon execution of an Agreement with ADK, upon delivery of the written financial plan, or a combination of upfront and in arrears. The client generally makes a check payable to ADK for financial planning services. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of the engagement.

In the event that a client desires, a client can engage certain representatives of the firm, in their individual capacities as registered representatives of LPL Financial, an SEC registered and FINRA/SIPC member broker-dealer, to implement investment recommendations on a commission basis. In the event a client chooses to purchase investment products through LPL Financial, LPL Financial will charge brokerage commissions to effect securities transactions, a portion of which commissions LPL Financial shall pay to the firm's representatives, as applicable. The brokerage commissions charged by LPL Financial may be higher or lower than those charged by other broker/dealers.

The recommendation that a client purchase a commission product from LPL Financial presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from LPL Financial. The firm's Chief Compliance Officer, Daniel Davis, is available to address any questions that a client or prospective client may have regarding this conflict of interest.

LPL Financial charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). LPL enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. LPL Financial commission rates are generally discounted

from customary retail commission rates. However, the commission and transaction fees charged by LPL Financial may be higher or lower than those charged by other custodians and broker-dealers. Clients may direct their brokerage transactions at a firm other than LPL Financial. Advisory fees are generally not reduced to offset commissions or markups.

When dealing with investment advisory clients and services, investment adviser representatives, as fiduciaries, have an affirmative duty of care, loyalty, honesty and good faith to act in the best interests of its clients. Investment adviser representatives should fully disclose all material facts concerning any conflict that does arise with these clients, and should avoid even the appearance of a conflict of interest. See Item 11 for further information on fiduciaries.

The Firm and IARs must abide by honest and ethical business practices including, but not be limited to:

- Not inducing trading in a client's account that is excessive in size or frequency in view of the financial resources and character of the account;
- Making recommendations with reasonable grounds to believe that they are appropriate based on the information furnished by the client;
- Placing discretionary orders only after obtaining client's written trading authorization contained within the advisory agreement or via separate amendment;
- Not borrowing money or securities from, or lending money or securities to a client;
- Not placing an order for the purchase or sale of a security if the security is not registered, or the security or transaction is not exempt from registration in the specific state;

The Firm and the IAR will:

- Allocate securities in a manner that is fair and equitable to all clients
- Not effect principal or agency-cross transactions for client accounts

All IARs of ADK are required to sign an acknowledgment of their understanding and acceptance of these terms.

Please note, clients may purchase investment products recommended by our firm through other, non-affiliated broker-dealers or agents.

The firm generally does not receive more than 10% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the firm recommends to its clients. When the firm's representatives sell an investment product on a commission basis, the firm does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, ADK representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). However, a client may engage the firm to provide investment

management services for an advisory fee and also purchase an investment product from the firm's representatives on a separate commission basis.

Advisor receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Advisor would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs. ADK and LPL may share in the account fee and other fees associated with program accounts. Associated persons of Advisor may also be registered representatives of LPL.

Please note that for all services listed above, lower fees for comparable services may be available from other sources.

Investment advisor representatives may also be licensed insurance agents. In the capacity of an insurance agent, they may recommend the purchase of certain insurance-related products on a commission basis.

The purchase a securities and/or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from investment advisor representative of the firm. Clients may purchase investment products recommended by investment advisor representatives through other, non-affiliated broker-dealers or insurance agents. Such conflicts are subject to review by the Chief Compliance Officer for consistency with the firm's Code of Ethics.

Item 6 – Performance-Based Fees and Side-by-side Management

Neither the firm or any supervised persons accepts performance-based fees, fees based on a share of capital gains on or capital appreciation of the assets of a client such as a hedge fund or other pooled investment vehicle.

Item 7 – Types of Clients

The advisory services offered by ADK are available for individuals, individual retirement accounts ("IRAs"), banks and thrift institutions, pension and profit sharing plans, including plans subject to Employee Retirement Income Security Act of 1974 ("ERISA"), trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.

However, the firm generally provides investment advice to individuals and high net worth individuals. The firm is currently not working with other types of clients or pursuing them as

prospects, but would not turn away any opportunities that may arise.

For LPL's Financial Sponsored Advisory Programs account minimums are as follows:

- Asset Management: \$25,000
- Personal Wealth Portfolios Program (PWP): \$250,000
- Model Wealth Portfolios Program (MWP): \$25,000

For customized advisory services, any required minimum account value will be set out in the client agreement.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments.

The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least semi-annually and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

The firm uses a combination of fundamental and technical (aka "charting") analysis in order to formulate investment advice when managing assets. Depending on the analysis the firm will implement a long or short term trading strategy based on the particular objectives and risk tolerance of a particular client.

Fundamental analysis involves an evaluation of the financial condition and competitive position of a particular fund or issuer which typically involves an analysis of an issuer's management team, investment strategies, style, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Technical analysis (aka "Charting") involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that identifying historical trends may not help to predict such trends

in the future. Even if the trend will eventually reoccur, there is no guarantee that ADK, Inc. will be able to accurately predict such a reoccurrence. Past performance does not guarantee future results and results will vary.

Please note, investing in securities involves risk of loss that clients should be prepared to bear. There are different types of investments that involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Past performance is not indicative of future results.

The firms' methods of analysis and investment strategies do not represent any significant or unusual risks however all strategies have inherent risks and performance limitations such as:

- Market Risk - the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- Interest Rate Risk - the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- Credit Risk - the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an advisory firm or the integrity of a firm's management.

Any such disciplinary information for the company and the company's investment advisor representatives would be provided herein and publicly accessible by selecting the Investment Advisor Search option at <http://www.adviserinfo.sec.gov>.

There are no legal or disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

Investment advisor representatives may also be registered representatives of LPL Financial, an unaffiliated SEC registered and FINRA/SIPC member broker-dealer. Clients may choose to engage an investment advisor representative in their capacity as a registered representative of the unaffiliated LPL Financial broker-dealer, to implement investment recommendations on a commission basis.

Investment advisor representatives of ADK are also dually registered with LPL Financial, an

SEC registered investment adviser. This dual registration does not represent a conflict of interest as similar services for identical fees are charged. LPL Financial serves as the custodian for both advisers.

Representatives of our firm are insurance agents/brokers. They may offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client. Such potential conflicts of interest are subject to review by the Chief Compliance Officer and subject to LPL Financial surveillance controls.

Neither ADK nor any of the management persons are registered or has a registration pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

ADK may select other investment advisers for clients. If we recommend or select other investment advisers for our clients and we receive compensation directly or indirectly from those advisers, or we have other business relationships with those advisers, we are required to describe these practices and discuss the conflicts of interest these practices create and how we address them. Prior to selecting other advisers ADK will assure that the other advisers are properly licensed or registered as an investment adviser.

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

ADK maintains a Code of Ethics, which serves to establish a standard of business conduct for all employees that are based upon fundamental principles of openness, integrity, honesty and trust.

The Code of Ethics includes guidelines regarding personal securities transactions of its employees and investment advisor representatives. The Code of Ethics permits employees and investment advisor representatives or related persons to invest for their own personal accounts in the same or different securities that an investment advisor representative may purchase for clients in program accounts. This presents a potential conflict of interest because trading by an employee or investment advisor representatives in a personal securities account in the same or different security on or about the same time as trading by a client could potentially disadvantage the client. ADK addresses this conflict of interest by requiring in its Code of Ethics that employees and investment advisor representatives report certain personal securities transactions and holdings to the Chief Compliance Officer for review.

An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with

the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction being implemented for an advisory account, thereby preventing an employee from benefiting from transactions placed on behalf of advisory accounts.

Neither ADK nor a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest.

Item 12 – Brokerage Practices

ADK receives support services and/or products from LPL Financial, many of which assist ADK to better monitor and service program accounts maintained at LPL Financial. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products and services used by Advisor in furtherance of its investment advisory business operations

These support services are provided to ADK based on the overall relationship between ADK and LPL Financial. It is not the result of soft dollar arrangements or any other express arrangements with LPL Financial that involves the execution of client transactions as a condition to the receipt of services. ADK will continue to receive the services regardless of the volume of client transactions executed with LPL Financial. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by ADK to LPL Financial or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement.

ADK has an arrangement with LPL Financial. LPL Financial offers to independent investment advisers non-soft dollar services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some non-soft dollar benefits

from LPL Financial through our participation in the program.

LPL Financial may make certain research and brokerage services available at no additional cost to our firm. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by LPL Financial may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by LPL Financial to our firm in the performance of our investment decision-making responsibilities.

Although the non-soft dollar investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

As a result of receiving the services ADK may have an incentive to continue to use or expand the use of LPL Financial services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with LPL and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

LPL Financial charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). LPL enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. LPL Financial commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by LPL Financial may be higher or lower than those charged by other custodians and broker-dealers.

Clients may pay a commission to LPL Financial that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are

effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. Our firm recommends the use of LPL Financial. Each client that chooses LPL Financial will be required to establish an account if not already done. Please note that not all advisers have this requirement.

For customized advisory services, the Applicant and its related persons may aggregate transactions in equity and fixed income securities for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. The Applicant and its related persons may determine not to aggregate transactions, for example, based on the size of the trades, number of client accounts, the timing of trades, the liquidity of the securities and the discretionary or non-discretionary nature of the trades. If the Applicant or its related persons do not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.

Clients may direct their brokerage transactions at a firm other than LPL Financial. However, we may be unable to achieve more favorable executions of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

Item 13 – Review of Accounts

For those clients to whom ADK provides investment supervisory services, account reviews are conducted on an ongoing basis by Daniel Davis, the Chief Compliance Officer. All investment supervisory clients are advised that it remains their responsibility to advise ADK of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with their investment advisor representative on an annual basis.

Daniel Davis, the Chief Compliance Officer, may also conduct account reviews based on the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and by client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. ADK may also provide a written periodic report summarizing account activity and performance.

For those clients to whom ADK provides financial planning services, the IAR will meet with the client once they complete the financial plan to review it and go over any questions. The client may bring up anytime they have any changes and the Advisor may address anything that is warranted at any time.

Item 14 – Client Referrals and Other Compensation

ADK receives an economic benefit from LPL Financial in reimbursement for marketing related expenses. Please see detailed discussion of the categories of marketing related expenses and potential conflicts of interest in Item 12 Brokerage Practices.

ADK compensates other persons for client referrals. ADK enters into an agreement with such referral agents and pays them a portion of the advisory fee for the referral. The referral agent discloses to the client at the time of the solicitation the arrangement and the compensation to be received by the referral agent. Clients should refer to the solicitor disclosure statement for details of the amount of the compensation to be received by the referral agent for the referral.

There are no other economic benefits provided by someone who is not a client for providing investment advice.

Item 15 – Custody

ADK does not have custody of client funds or securities. LPL Financial will serve as the custodian of client assets on behalf of ADK. ADK may also provide advisory services on assets held at different third party custodians.

ADK urges you to carefully review the statements provided by the custodian and compare such official custodial records to the account statements that may be provided by ADK.

LPL Financial as the custodian sends statements at least quarterly to clients showing all disbursements in account including the amount of the advisory fees paid to advisor, the value of client assets upon which advisor's fee was based, and the specific manner in which advisor's fee was calculated. Clients provide authorization to LPL Financial permitting advisory fees to be deducted from client advisory account. LPL Financial calculates the advisory fees and deducts them from client's account every quarter.

Item 16 - Investment Discretion

The client can determine to engage ADK to provide investment advisory services on a discretionary basis. Prior to ADK assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming ADK as the client's attorney and agent in fact, granting ADK full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage ADK on a discretionary basis may, at any time, impose restrictions, in writing, on the ADK discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the use of margin, etc.).

Item 17 – Voting Client Securities

ADK does not vote client proxies, but third party money managers selected or recommended by our firm may vote proxies for clients. Clients will otherwise receive their proxies or other solicitations directly from their custodian. Clients may contact ADK at (314) 878-1489 to discuss any questions they may have with a particular solicitation.

Item 18 – Financial Information

ADK does not require or solicit prepayment of more than \$1200 in financial planning or consulting fees per client, six months or more in advance.

There are no financial conditions that are reasonably likely to impair the firm's ability to meet contractual commitments to clients. At no time has ADK been the subject of a bankruptcy petition.