

## **J. Michael King**

J. Michael King has over 30 years of experience relating to the stock markets. Mr. King holds a series 65 license. J. Michael King does not limit investments to any area, size or customer. J. Michael King is doing business as XVestia, Inc.



Contact XVestia, Inc. at 702-650-3000. 3887 Pacific St, Las Vegas, NV 89121.



**Required Disclaimer:** This brochure provides information about the qualifications and business practices of J. Michael King . If you have questions about the contents of this brochure, please contact us at the phone number/email listed above. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority. Furthermore, being a “Registered” Investment Advisor does not imply a

certain level of skill or training.

J. Michael King provides investment advisory and portfolio management services for private clients, solicited clients, and companies (all collectively called “clients” going forward in this document) through a Full Trading Authorization and / or a Limited Power of Attorney. J. Michael King’s minimum asset requirement for new clients is \$150,000. J. Michael King may make an exception to the above minimum asset requirement at its sole discretion. There are no ongoing contribution requirements although this practice is highly recommended for ongoing savings, asset allocation, and tax efficiency purposes.

Clients undergo an introductory interview to outline their financial situation and to help J. Michael King set risk tolerance and investment objectives. Clients are then categorized into a portfolio strategy based on their risk profile, investor behavior profile, and the amount of assets that J. Michael King will be managing on behalf of the client. Clients are assigned to one of six risk profiles: aggressive, moderate-aggressive, moderate, conservative-moderate, conservative, and ultra-conservative and select one of 6 portfolio strategies based on behavior profile and assets: emerging, global index, global rotation, tactical active, tactical absolute, and multi-strategy.

J. Michael King meets with clients periodically to review their financial situation, answer questions, and determine if any adjustments need to be made relative to their financial objectives, risk tolerance, and time horizon. For individual clients who have expressed interest, we offer a complimentary financial scenario analysis and goal tracking service to help clients make major life decisions (e.g. moving to a different state, changes in jobs, retirement projections, cash flow analysis, college planning, etc.), and to track how they are doing against their goals on an ongoing basis.

J. Michael King does not participate in wrap fee programs by providing portfolio management services and therefore receives no portion of a wrap fee for our services. J. Michael King pays referral fees to solicitors in exchange for client referrals.

. J. Michael King performs daily management activities within the guidelines of an Investment Policy Statement (“IPS”), without day-to-day client consultation (known as “discretionary” management of assets). All funds are held in a client’s own account at an independent brokerage firm(s), and each client authorizes invoices to be paid from their account(s).

Specifically, J. Michael King provides:

1. Account setup and transfers to a selected Broker/ Custodian.
2. Development of a Client Investment Policy Statement (“IPS”), along with a personalized savings & investment program
3. Discretionary selection of specific investments within the program.\*
4. Periodic adjustment of the asset allocation model within the stated client’s category grouping and risk profile (see Chart I below for services and frequencies).
5. Weekly administration of portfolio rebalancing as assets move outside of a specified target range.
6. Production and distribution of individual quarterly performance reports.
7. Production and distribution of client newsletters every 45 days.
8. Ongoing reviews and updates of client goal-trackers.
9. Personalized advice and analysis to help make good decisions.

*Notes: \* Clients may request, and J. Michael King may agree to, restrictions on investing or selli* J. Michael King management fee is solely based on client assets under management. J. Michael King does not utilize alternative compensation schemes such as mutual fund kick-backs, commissions, performance pay, etc. so that we align client and advisor interests while minimizing conflicts of interest.

J. Michael King management fees range from 0.75% to 2.5% per annum depending on assets under management and investment strategy selected, and are clearly articulated in Client Agreements. Solicited clients also have a specific fee schedule based on assets under management and investment strategy selected, with financial planning fees broken out separately, all of which is clearly articulated in the Solicited Client Agreement. J. Michael King retains the discretion to negotiate fees. Clients may be able to find competing advisory services at lower prices, and LGA retains the discretion to negotiate fees, and has a small subset of clients with reduced or free fee schedules – for example direct family, original beta clients, etc.

Pro-rated fees are calculated and billed at the beginning of each calendar quarter, based on the current assets under management prior to the market open on the first day of the quarter, including cash held in accounts. Fees are deducted mid-quarter, on the 45<sup>th</sup> day of the

quarter. For the first quarter, the billing statement is prorated based on the client start date. Client start date is the date the contract is signed by both parties. However, management fees are not calculated or charged until the first day when funds arrive in the client's account(s). Upon account closure (at-will by either party), prorated fees will either be collected from or returned to the client based on the day funds are withdrawn from Advisor's supervision by terminating the Client Agreement in writing.

Advisory Fees are automatically deducted by J. Michael King from the Client's account. In all cases, the Client receives an invoice from J. Michael King prior to the withdrawal and withdrawals are authorized by the client through a signed Customer Agreement, and through written authorization with the Custodian. Invoices are sent to clients at the beginning of each quarter along with their quarterly reporting packet. The Custodian also sends monthly account statements to the Client with the management fee transaction displayed in the month it is withdrawn. J. Michael King sends the invoices to the custodian for withdrawal of fees on the 45<sup>th</sup> day of the quarter.

Clients incur portfolio expenses arising from brokerage transaction fees and underlying mutual fund expenses. J. Michael King has taken numerous steps to minimize these investment costs by selecting a lower cost brokerage for clients to access, utilizing a number of free or no-transaction-fee funds, and selecting lower cost ETF funds for the predominant portion of client portfolios. Please refer to Item 12 of this brochure for more information regarding brokerage practices.

J. Michael King management fee is solely based on client assets under management. J. Michael King does not utilize alternative compensation schemes such as mutual fund kick-backs, commissions, performance pay, etc. in an attempt to align client and advisor interests.

### **Types of Clients**

J. Michael King services a number of different types of clients and solicited clients, including the following:

- Private individuals (taxable accounts, retirement accounts, educational accounts)
- High-net-worth individuals
- Trusts (personal and business accounts)
- Companies that have excess cash that they would like to have invested conservatively
- Minimum asset requirement for new clients is \$150,000. J. Michael King may make an exception to the minimum asset requirement at its sole discretion.

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

J. Michael King maintains a list of investable asset classes and our preferred investment product(s) within these asset classes. This list is continually refined as market conditions change and new products are introduced. For example, during the recent 2007-2009 market downturn, market conditions proved that many asset classes performed similarly and consequently offered little in terms of diversification benefits. Consequently, we undertook a research project to identify new asset classes that would have been uncorrelated, providing a diversification benefit. Our research helped to identify new asset classes and products that we have since added to our investable asset/product list for potential selection to client portfolios (e.g. Long-Short funds, managed futures, currency funds, merger-arbitrage funds). This list is continually refined through a combination of independent analysis and purchased research, but always in an independent manner with the goal to find the lowest cost, best performing options for our clients (we do not receive a single penny of outside compensation for selecting Fund A versus Fund B, in order to maintain our independence, act in the best interests of clients, and avoid conflicts of interest).

J. Michael King then provides clients with the following investment services within their stated client grouping and risk profile, referencing the investable asset / product list described above:

- **Strategic Asset Allocation**: The Global Index portfolio aligns with the efficient market theory and is invested in a diversified portfolio where the assets are held and rebalanced periodically to keep allocations aligned with their strategy. The Global Rotation portfolio uses a similar approach in that the portfolio is diversified and fully invested, but use quantitative analysis, certain asset classes can be over / underweight relative to the Index model.
- **Tactical Asset Allocation**: Quantitative analysis using J. Michael King proprietary 5-forces methodology (Fuel, Valuation, Sentiment, Technicals, Currency Effects) to develop investment targets for the various asset classes in each client's portfolio (e.g. x% of a client's portfolio to be invested in US-Large Cap Equity for Q2/2011). Investments that have historically exhibited higher returns along with higher volatility will have larger targets in more aggressive portfolios, while lower returning / lower volatility investments will have larger targets in more conservative portfolios. Additionally, client portfolios must be adjusted for the products available within their brokerage accounts (e.g. if x% is dedicated to Long-Short funds, and they do not exist in a client's limited 401K account, then this asset class is over-weighted in their unrestricted brokerage account(s)). As opposed to managers who develop their targets one time, J. Michael King conducts this analysis and makes investable changes

quarterly (semi-annually for emerging clients).

- Active Trading Services: Utilization of various J. Michael King proprietary trading strategies in an attempt to lock-in profits and reduce or hedge against downturns. Active trading strategies include:
  - Technical value stops
  - Technical trailing stops
  - Valuation Ratio Swaps (e.g. oil v natural gas, gold v gold miners, etc.)
  - VXX short-term hedging model
  - NAV premium or discount model
- Rebalancing: Buying of investments that have declined below their % targets by a defined variance, and selling investments that have risen above their % targets by a defined variance, in order to rebalance the portfolio to its targeted levels, effectively buying low and selling high in a systematic manner.

Typical investments include ETFs, closed-end funds, open-ended funds, and individual company stocks across a broad base of different asset classes: US stocks, US bonds, Foreign stock, Foreign bonds, Emerging Markets, Raw Materials, Energy, Precious Metals, REITs, Currencies, Managed Futures, Long-Short Strategies, Absolute Return Strategies, Merger Arbitrage Strategies, etc. Both fundamental and technical analyses are used to select individual positions, while volatility-determined price targets are used to help determine entry and exit prices to lock in profits and attempt to minimize losses. Fundamental analysis includes quantitative and qualitative analysis of economic, valuation, sentiment, and currency variables, while technical analysis predominantly

includes the use of charting techniques to identify patterns, and key price points for decision making. Money management principles are then applied to limit the exposure of a client's portfolio to the effects of any single investment. For example, an investment rule for the J. Michael King team is to ensure that no single stock of a company will ever represent more than 5% of a client's total portfolio, unless a client specifically requires J. Michael King to do so.

While J. Michael King works hard to maximize client returns within an acceptable level of volatility for each client, investing involves risk of loss that clients should be prepared to bear. Additionally, considering our more active approach to investment management, there is the potential or additional drag on performance due to increased transaction costs and taxes. We attempt to minimize such additional drag through the use of commission-free and low-cost ETFs where possible, as well as intelligent placement of more actively traded investments within non-taxable retirement accounts.

J. Michael King suggests that clients use a J. Michael King-preferred Broker-Dealer for maintaining funds under management with J. Michael King. Both retirement and non-retirement accounts are set up and maintained for customers with the Broker-Dealer. J. Michael King strives to maintain a consistent trading, reporting, and investment operation that is facilitated through the usage of a single Broker-Dealer.

The preferred Broker-Dealer was selected using the following criteria:

- Competitive trading commissions costs
- Customer service levels
- Reporting tools, including cost basis and 1099 reports to facilitate tax management strategies
- Personal money management tools
  - Electronic fund transfer capabilities
  - Dividend reinvestment programs
  - Electronic communication delivery capabilities
- Financial stability to insure individual accounts, including primary and back-up account insurance

In addition to the above criteria, the preferred Broker-Dealer provides additional products and services, as well as payment support for investment research. This is known as paying for those services or products with "soft dollars" or credits. Because these products and services provide a benefit to the firm, and because the "soft dollars" used to acquire them are generated from clients transactions fees, the firm has a conflict of interest in allocating client brokerage business: it receives valuable benefits from the broker or dealer to execute client transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation the firm might otherwise be able to negotiate. There are only 3-4 possible custodians that meet MMM's sourcing criteria for providing a strong and satisfactory custodial platform for MMM clients. All of these custodians / broker-dealers offer similar soft dollar programs, leveling the playing field, and as such, we mitigate the conflict of interest by not considering this factor in our selection of an appropriate custodian / broker-dealer. In addition, the firm could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services. We eliminate this conflict by having a quantitative investment process that only creates trades when the investment model signals the appropriateness of the trade, and do not make any extra trades. Furthermore, the Client also receives benefits from the Advisor receiving greater access to advanced research and advanced portfolio management tools that improve the service offered to clients.

J. Michael King reviews and adjusts client accounts on a regimented schedule. We review client financial plans annually and this is done by our Managing Partner, Senior Advisor, and Private Client Advisors. LotusGroup Advisor's largest reviews and adjustments occur quarterly or semi-annually for major asset allocation changes (described in Item 8). Intra-quarter, J. Michael King reviews accounts on a weekly or monthly schedule for rebalancing purposes (see page 8 - Item 8 – Chart I for a description of frequency of reviews by client category grouping). Frequency of reviews is dictated by the products in a client's portfolio as well as the average size of each trade. For example, J. Michael King uses no-transaction-fee mutual funds for smaller clients, since their average trade size is small, and a regular \$9.99 ETF trade would hurt their performance. However, these mutual funds tend to have 30-day holding rules for buying and selling, so J. Michael King cannot review them more often than monthly. Larger clients use low-cost ETFs and can be reviewed more frequently, so J. Michael King reviews them on a weekly basis or even daily if the market is highly turbulent and an opportunity arises to take a quick profit or buy back in at a low-cost.

J. Michael King also tracks client's individual positions daily to evaluate if they are getting overheated or are breaching down. J. Michael King investment team charts all client positions monthly, and establishes upside (overheating) and downside (breaching down) price targets. J. Michael King then downloads data on a daily basis in order to compare the current price to the price targets. As price targets are realized, the J. Michael King investment team makes decisions on the affected products, and decides whether or not to take action on clients that hold this position.

### **Investment Review & Portfolio Adjustment Summary**

- Quarterly/Semi-Annually: Major Asset Allocation Adjustments
- Weekly/Monthly: Rebalancing
- Monthly: Client account review to confirm appropriate client grouping (described in Item 4)
- Daily: Individual Position Monitoring for Upside and Downside Price Targets

Our advisors offer to conduct a minimum of one client review per year, to go over client objectives, results from the previous year and since inception, risk profiles, new considerations for the upcoming year, and any other relevant factors. In addition, clients are encouraged to contact our advisors at will, if there are any material items to be discussed prior to the more formal annual review. Many clients have specific requests of J. Michael King to take into account, for which our advisors schedule reminders for clients throughout the year (e.g.



quarterly gain/loss reports for business owners, savings reminders, etc.). Finally, some clients request specific analysis from our advisors in order to help them with financial planning, goal-tracking, scenario analysis, college savings, diversification, insurance reviews, private investment opinions, etc. These requests are handled ad-hoc, and oftentimes are then put into a calendar to track on an ongoing basis (e.g. client agrees to sit down bi-annually to review savings plan and goal-tracker with our advisor). Where possible, our advisors are proactive with identifying when a client will have a particular need (e.g. when a client family has a first child, it triggers a request from our advisor to discuss financial planning, goal-tracking, college savings, and term life insurance considerations). There is no additional charge for these client reviews and analysis, as they are considered part of providing an exceptional service to the client.

Clients receive the following reports:

- J. Michael King provides quarterly performance reports with since-inception, quarter-to-date and year-to-date statistics (all reported net of fees). These reports are generated automatically from our Portfolio Management System. J. Michael King provides clients with newsletters every 45 days

J. Michael King restricts the practice of kickbacks or payment from third-parties to J. Michael King for utilization of their investment products or advice with clients. While others may practice this endeavor, we believe it creates an insurmountable conflict of interest in providing advice and service to clients. J. Michael King does not accept compensation for using a 3<sup>rd</sup> party investment product with our clients, and are proud to remain 100% independent and aligned with our client's best interest, consistently searching for the best investments at the lowest costs.

J. Michael King's clients sign a full trading authorization agreement through the preferred broker / dealer. J. Michael King's clients also sign a limited power of attorney for 401K, 403B, 457, and 529 accounts that are held at an alternative broker chosen by their plan sponsor. J. Michael King has the discretion to select, buy, sell, and determine the quantities of the individual positions for each client account. J. Michael King is only required to maintain or solicit the consent of customers for trades made on positions that were specifically discussed during the introductory interview (e.g. inherited stock that the client would like to hold on to for sentimental reasons, etc.).

If a client objects to any particular investment decision, he / she may discuss this with J. Michael King and a mutually agreed upon decision will be made and documented if necessary. It is always preferred that the client and J. Michael King engage in a discussion to resolve any potential differences in opinion. However, if the client repeatedly acts in a manner inconsistent with the mutually agreed upon investment objectives, J. Michael King reserves the right to

cancel the customer agreement after providing written counsel to the customer. Similarly, the customer reserves the right to cancel their contract with J. Michael King at any time if they so desire.

## **Code of Ethics**

J. Michael King requires all employees, regardless of status, to read, understand, and adhere to the **Code of Ethics and Professional Responsibility** as adopted by the Certified Financial Planner Board of Standards.

The Code of Ethics sets forth standards of conduct expected of advisory personnel; requires compliance with federal securities laws; and, addresses conflicts that arise from personal trading by advisory personnel. You may request a copy of the Code of Ethics.

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

From time to time, some of the advisors/registered representatives may recommend to their clients, the purchase of limited partnerships or mutual funds that are sponsored by J. Michael King affiliated companies. This would be when the recommendation is suitable for the client and meets their investment objectives. Clients are not obligated to purchase these funds.

## **Personal Trading**

At times J. Michael King and/or its advisors may take positions in the same securities as clients, and we will try to avoid conflicts with clients. The firm and its advisors will generally be “last in” and “last out” for the trading day when trading occurs in close proximity to client trades. We will not violate our fiduciary responsibilities to our clients. Scalping (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e., a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

J. Michael King maintains full discretion under a limited power of attorney as to the securities and amount of securities.

J. Michael King will not have authority to withdraw funds or to take custody of client funds or securities, other than under the terms of the Fee Payment Authorization clause in the Agreement.

J. Michael King does have the ability to discount brokerage commissions, though we do have a duty to seek the lowest cost and best execution in your favor.

You must designate the broker/dealer to be used for trading and custodial services. If necessary, J. Michael King may “trade away” for bond transactions in order to seek best execution. The bonds will be custodied at the broker/dealer designated by you under a prime brokerage arrangement.

## **MIKE KING**



Mike King , a graduate of the Wharton School of Business of the University of Pennsylvania (1960), spent nearly thirty years on Wall Street as a trader, broker, and principle of his own companies. In 1970, Mike joined Cogan, Berlind, Weill and Levitt, which bought CBWL-Hayden Stone, which became Shearson-Hayden Stone, eventually merging with Smith Barney and then Citigroup with Mr. Weill at the top as Chairman. Arthur Levitt became Chairman of the SEC. However, along the way, Mike was first Vice President and one of the leading employees for CBWL-Hayden Stone from 1970 through 1973, when the Dow was laboring at just 400. Mike was a member of several futures exchanges; the Chicago Board of Trade the NY Mercantile Exchange, Minneapolis Grain exchange and the N.Y. Futures Exchange. In the seventies he personally handled one of Nelson Bunker Hunt's Silver accounts until September 28, 1979 when he opted out and liquidated the portion he managed of the account. .

In 1997, Mike founded Princeton Research, which brings attention of prospective investors new and dynamic opportunities. Princeton Research currently publishes the "Market Strategies Newsletter," which focuses on investing of stocks, EFT's, and options trading. Mike has his own weekly radio show, "The Money Info Show," which brings together his years of expertise in a shared format of timely information to the public. Mike also regularly appears on investing and business talk radio shows such as The Bill Chippas Investment Success Show and Tim Connolly's Winning Strategies.

Currently, Mike is the President of Trilogy and Associates, a company specializing in the development of new businesses organizing the steps necessary to put businesses together and raise finances. Mike is also the President of Nordic Oil USA, a seventy million dollar domestic oil production and management company.

## **DENNIS MARLOW**



Dennis Marlow was born in New York City, New York. In 1962, at the age of 20, he became a registered National Association of Securities Dealers (NASD) principal. Dennis graduated with a degree in Economics from Hofstra University in 1964. In 1969, he purchased a seat on the Philadelphia Stock Exchange, where he became one of the youngest persons to own a seat on the Philadelphia Stock Exchange. Dennis sold his seat in 1972, and fascinated by gold became involved in the commodity markets. Dennis raised managed account money for E.F. Hutton, Dean Witter, and Shearson in Denver, Colorado. In 1981, Dennis became a CTA.

Over the years, Dennis has appeared on numerous national financial shows, including CNBC's "Money Wheel," had his own radio show, "Money Matters with Marlow," as well as had a successful trading newsletter, "Dennis Marlow's Professional Trader." Additionally, Dennis has been profiled in numerous publications such as The National OTC Stock Journal, Barron's, Futures, and Business Week. Now Dennis brings his decades of successful trading experience to J. Michael King.

### **KIMBERLY ANN RUSSO**

Kimberly Ann Russo was born on December 13, 1967. Ms. Russo is the sole managing member and sole trading principal of Creating Financial Solutions LLC, the Advisor. Ms. Russo became registered as an associated person and became listed as a principal of the Advisor on October 8, 2008. Ms. Russo's responsibilities entail market research, analysis, trade selection, trade execution, compliance and financial duties, and communicating with clients, regulators and vendors.

From 1994 to 1995, Ms. Russo worked for SEI Corporation as a Mutual Fund Analyst. From 1995 to 1998, Ms. Russo worked for Goldman Sachs in New York City, New York, as a Private Client Services Analyst (Margin Analyst) for high net-worth individuals. She left Goldman Sachs to move to Colorado in 1998.

From February 2005, Ms. Russo was the Director of Operations of Marlow and Company, Inc., a financial services firm, located in Monument, Colorado. Marlow and Company Inc. specialized in asset protection through tax planning, annuities, long term care insurance, and life insurance. Ms. Russo was involved in maintaining the existing client base, customer service, trade processing, and book keeping. From July 2003 through February 2005, Ms. Russo was a stay at home mother attending to the needs of her children.

Kimberly Russo graduated from Rider University in Lawrenceville, New Jersey with a Bachelor of Science degree in both accounting and finance. Ms. Russo now brings her experience to J. Michael King.

### **CHARLES A. MOSKOWITZ**

Charles A. Moskowitz has over 40 years of experience in all phases of trading in stocks, bonds, options and commodity futures, and has provided research on acquisition candidates advisory services during the mid-1980's. Currently, Charles works for Resource Managed Assets and Princeton Research and Princeton Research, where he authors, "Weekly Strategies." Charles is also an on air talent for MoneyInfo radio show, and worked for Bear Stearns. Charles has a proven record in Investor Relations, and he now brings his talents to J. Michael King.

## **PERFORMANCE**

## **REGULATORY DISCIPLINE HISTORY**

### **MIKE KING**

Commodities Exchange Complaint—1993-96- King voluntarily gave up his commodities license during the proceedings and the proceeding were dismissed.

### **DENNIS MARLOW**

2006 – Colorado Division of Insurance. Brokers License suspended for seven years and six months.

### **KIMBERLY ANN RUSSO**

### **CHARLES A. MOSKOWITZ**