

Oak Point Wealth Management, LLC

ADV Part 2A, Appendix 1 Wrap Fee Program Brochure Dated: April 12, 2017

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This brochure provides information about the qualifications and business practices of Oak Point Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (269) 532-1901. 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 Oak Point Wealth Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Oak Point Wealth Management, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

This is Oak Point Wealth Management’s initial Form ADV.

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Item 4 Services, Fees and Compensation

A.

INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary investment advisory services on a wrap or non-wrap *fee* basis. (*See* discussion below). If a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

OAK POINT WEALTH MANAGEMENT WRAP PROGRAM

The Registrant may provide discretionary investment management services on a wrap fee basis in accordance with the Registrant's investment management wrap fee program (the "Program"). Under the Program, the Registrant is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, account maintenance, investment management fees, and in some instances, fees charged by independent managers and/or separately managed accounts. However, clients may be responsible for, but not limited to, trustee fees, mutual fund expenses, ETF expenses, mark-ups, mark-downs, transfer taxes, fees charged by certain independent managers and/or separately managed accounts (when such managers require the client to enter into a dual contract relationship) odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts (Such fees are in addition to any fees paid by the client to the Registrant and are between the client and the account custodian).

In addition, the Registrant utilizes software licensed by Orion Advisor Services, a unaffiliated third party service company ("Orion"), to aggregate client data and prepare client reports. Orion charges a \$10 per account fee which will be borne by the client.

The current annual Program fee ranges from negotiable to 2.25%, based upon various objective and subjective factors. As a result, Registrant's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. As a result of these factors, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should compare services accordingly.

The terms and conditions for client participation in the Program are set forth in detail in this Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with disclosure requirements. All prospective Program participants should read both the Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program.

Please Note: Participation in the Program may cost more or less than purchasing such services separately. When managing a client's account on a wrap fee basis, the Registrant shall receive as payment for its asset management services, the balance of the wrap fee after all other costs (including account Transaction Based Fees or Asset Based Fees) incorporated into the wrap fee have been deducted. The Program fee charged by the Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Conflict of Interest: Because Program transaction fees and/or commissions are being paid by the Registrant to the account custodian/broker-dealer, to the extent that a client has elected to pay Transaction Based Fees (see discussion below) the Registrant has an economic incentive to maximize its compensation by seeking to minimize the number of trades in the client's account. The Registrant's Compliance Officer remains available to address any questions that a client or prospective client may have regarding the corresponding conflict of interest a wrap fee arrangement may create.

Under the Program, the Registrant shall be provided with written authority to determine which securities and the amounts of securities that are bought or sold. Any limitations on this authority shall be included in the written agreement between each client and the Registrant. Clients may change/amend these limitations, in writing, at any time. The client shall have reasonable access to one of the Registrant's investment professionals to discuss their account.

LPL Financial ("LPL") shall serve as the custodian for Program accounts.

High Net Worth Wrap Fee Program.

For clients who have at least \$750,000 under management with the Registrant or who pay a minimum annual fee of \$7,500 as of the most recently completed fiscal year, the Registrant may offer its high net worth service offering on a wrap fee basis (the "High Net Worth Program"). Under the High Net Worth Program, the Registrant is able to offer participants the same discretionary asset management services that are offered under the Program, in addition to the following offered services:

- A dedicated Certified Financial Planner Professional or wealth advisor
- Direct access to all members of the High Net Worth team
- Bi-monthly stay in touch calls
- Comprehensive semi-annual reviews; in person or web-based
- Periodic eNewsletter
- Exclusive High Net Worth only educational events
- Free Document shredding
- Financial planning services
- Retirement Analysis
- Online and mobile access to your investment accounts

Wealth Management Wrap Fee Program.

For clients who have at least \$250,000 under management with the Registrant or who pay a minimum annual fee of \$2,500 as of the most recently completed fiscal year, the Registrant may offer its Wealth Management service offering on a wrap fee basis (the “Wealth Management Program”). Under the Wealth Management Program, the Registrant is able to offer participants the same discretionary asset management services that are offered under the Program, in addition to the following offered services:

- A dedicated financial advisor or wealth manager
- Quarterly stay in touch calls
- Comprehensive annual reviews
- Periodic eNewsletter
- Client educational events
- Free Document shredding
- Retirement planning services
- Online and mobile access to your investment accounts

OP Direct Wrap Fee Program.

For clients who have at least \$5,000 under management the Registrant may offer its OP Direct service offering on a wrap fee basis (the “OP Direct Program”). Under the OP Direct Program, the Registrant is able to offer participants a limited amount of discretionary asset management services that are offered under the Program, in addition to the following offered services:

- Access to a Financial Advisor over the phone or web based meeting
- Periodic eNewsletter
- Online and mobile access to your investment accounts

INVESTMENT MANAGEMENT STRATEGY PORTFOLIOS

When consistent with a particular client’s designated investment objective(s), the Registrant may recommend that clients invest in any one or more of the following Strategy Portfolios, which are selected and managed at the individual client level. The Registrant may also implement “Custom Strategy Portfolios,” which are typically comprised of a blend of the holdings contained in one or more of the Strategy Portfolios described below, and may also include additional common stocks, individual bonds, ETFs, mutual funds.

Passive Core Strategy

This is a passive strategy constructed solely with exchange traded funds (ETFs) and aimed at producing long-term capital gains through global exposure. The underlying holdings of the strategy will be selected on their ability to maintain low expenses and produce a low tracking error to the benchmark. Systematic rebalancing will be kept at a minimum and may occur in the event that assets are swapped. The holdings in the strategy will be comprised of exchange traded funds meeting the following descriptions: fixed income; asset preservation; income; growth & income; growth; or aggressive growth.

Tax Advantaged ETF Strategy

This is a passive strategy constructed solely with exchange traded funds (ETFs) and aimed at producing long-term capital gains and tax-free income from fixed income municipal bond holdings. The strategy's equity allocation contains provides a global exposure with a bias to U.S. based holdings. The underlying holdings of the strategy will be selected on their ability to maintain low expenses and produce a low tracking error to the benchmark. Systematic rebalancing will be kept at a minimum and may occur in the event that assets are swapped. All underlying fixed income holdings will be AMT free (alternative minimum tax free). The holdings in the strategy will be comprised of exchange traded funds meeting the following descriptions: fixed income; asset preservation; income and growth& income.

USA Multi-Strategy Portfolio

This is a tactical investment management strategy constructed entirely with exchange traded funds (ETFs) with exposure aimed solely to U.S. markets. The strategy is comprised of four different allocations that include: Passive exposure to U.S. equity markets that is designed to include factor based investing, momentum exposure designed to drive directional indicators across major domestic indices, technical analysis focused on price, volume, and risk, and a quantitative factor aimed at rotating amongst 25 different industries in the U.S. market. The underlying holdings of the strategy will be selected on their ability to maintain low expenses and produce a low tracking error to the benchmark. All holdings will be passively constructed and will be tactically managed in the strategy. The holdings in the strategy will be comprised of exchange traded funds meeting the following descriptions: fixed income; asset preservation; income; growth & income; growth; and aggressive growth.

Global Multi-Strategy Portfolio

This is a tactical investment management strategy constructed entirely with exchange traded funds (ETFs). The strategy is comprised of five different allocations that include: Passive exposure to U.S. equity markets, quantitative based sector rotation of the underlying sectors of the U.S. market, individual country rotation exposure that is guided by relative strength and other quantitative factors, a momentum based global equity exposure, and a rotation allocation that is dictated by technical analysis tied to U.S. and global equity indices. The underlying holdings of the strategy will be selected on their ability to maintain low expenses and produce a low tracking error to the benchmark. All holdings will be passively constructed and will be tactically managed in the strategy. At any point in time, the equity allocation of the strategy will contain an international exposure. The holdings in the strategy will be comprised of exchange traded funds meeting the following descriptions: fixed income; asset preservation; income; growth& income; growth; and aggressive growth.

Alpha Driven Strategy Portfolio

This investment management strategy is based on a combination of quantitative and qualitative criteria aimed at relative risk, correlations, various coefficients, sector analysis, balance sheet strengths and overall market capitalization. The asset allocation guidelines are driven by quarterly data and vary between large, medium, and small capitalization style classes. This strategy incorporates fundamental, quantitative, and passive strategies. The holdings will be comprised of equities (stocks) and ETFs meeting the following general descriptions: ADS core aggressive growth; ADS core growth; and ADS core growth &

income. This strategy may also hold individual bonds, alternative investments, annuities, and preferred stocks.

Global Equity Income Strategy Portfolio

This investment management strategy is focused upon quality and long-term sustainability of balance sheet strength relative to market fundamentals. The asset allocation guidelines are comprised of large capitalization on the individual equities and blended geographic and capitalization exposure on the ETFs. The holdings will be comprised of US equity income equities (stocks) and ETFs. The fixed income portion of the portfolios will be comprised of municipal bond ETFs. The general descriptions are global equity income aggressive growth, global equity income growth and global equity income balanced. The holdings will be traded every 366 days. This strategy may also hold individual bonds, alternative investments, annuities, and preferred stocks.

Triple Play

This investment strategy is actively managed and traded monthly based on third party equity research to identify large US companies with positive stock price momentum. We intend to own approximately three common stocks at all times unless market conditions warrant that we sell and go to cash. The holdings will be re-evaluated monthly

Wrap Program Trading Costs: Asset-Based Fees versus Transaction-Based Fees:

Custodians such as *LPL* are compensated for their services which include, but are not limited to execution, custody and reporting. *LPL* can charge a fixed percentage fee for their services based upon the dollar amount of the assets placed in their custody and/or on their platform. This is referred to as an “Asset-Based Fee.” In the alternative, rather than a fixed percentage fee based upon the market value of the assets in its custody, *LPL* could charge a separate fee for the execution of each transaction. This is referred to as a “Transaction-Based Fee.” Under a Transaction Based fee, the amount of total fees charged to the client account for trade execution will vary depending upon the number of transactions that are placed for the account.

Because Registrant cannot predict the markets and the amount of trading that will occur in a client account, Registrant generally favors Asset-Based pricing because it will fix the amount of the fee paid from the account for trade execution, regardless of the number of transactions that are placed for the account. However, Registrant, on an annual basis, will conduct a sampling to confirm its belief (given the inability to predict the markets and the corresponding amount of trading that will occur) that Asset-Based pricing continues to be beneficial for its clients. Prior to engaging *LPL* regardless of pricing (Asset-Based versus Transaction-Based), the client will be required to execute a separate agreement with *LPL* agreeing to such pricing/fees.

Registrant’s Chief Compliance Officer, John Knowlton, remains available to address any questions that a client or prospective client may have regarding Asset-Based versus Transaction- Based pricing

Fee Calculation: The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any

portion of the funds of an advisory client, pursuant to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (hereinafter the “Act”).

Fee Payment: Clients will be charged in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. Clients authorize the Registrant to directly debit its advisory fee by executing an *Investment Management Agreement*. The Registrant shall send to the client's Custodian written notice of the amount of the Registrant's advisory fee to be deducted, on a quarterly basis, from the client's account.

Termination of Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Please Note: Investment Performance: As a condition to participating in the Program, the participant must accept that past performance may not be indicative of future results, and understand that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies purchased and/or undertaken by the Registrant) may not: (1) achieve their intended objective; (2) be profitable; or, (3) equal historical performance level(s) or any other performance level(s).

Client Responsibilities: In performing any of its services, the Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Furthermore, unless the client indicates to the contrary, the Registrant shall assume that there are no restrictions on its services, other than to manage the account in accordance with the client's designated investment objective. Moreover, it remains each client's responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising the Registrant's previous recommendations and/or services.

- B. Participation in the Program may cost more or less than purchasing such services separately. Also the Program fee charged by the Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Depending upon the percentage wrap-fee charged by the Registrant, the amount of portfolio activity in the client's account, and the value of custodial and other services provided, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

- C. The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, fees charged by certain independent managers and/or separately managed accounts (when such managers require the client to enter into a dual contract relationship), transaction charges (including mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than *LPL*, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal,

state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program's wrap fee.

- D. The Registrant's related persons who recommend the Program to clients do not receive compensation as a result of a client's participation in the wrap fee program.

Item 5 Account Requirements and Types of Clients

The Registrant's clients shall generally include individuals, business entities, trusts, estates and charitable organizations. The Registrant generally imposes an account minimum of \$25,000 for investment advisory services. The Registrant, in its sole discretion, may reduce or waive its account minimum requirements and/or charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Item 6 Portfolio Manager Selection and Evaluation

- A. The Registrant generally recommends that clients authorize the active discretionary management of all or a portion of their assets by and/or among certain independent investment manager(s) and/or separately managed accounts ("Independent Manager(s)"). To the extent applicable, the Registrant shall recommend/select Independent Managers consistent with the client's investment objectives. Factors which the Registrant shall consider in recommending/selecting Independent Managers include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

The specific terms and conditions under which the client engages an Independent Manager may be set forth in a separate contract between the client and the Independent Manager (dual contract relationship). Also, when required, the client shall receive a copy of the Independent Manager's disclosure Brochure. As noted above, when an Independent Manager requires the client to enter into a dual contract relationship, the Independent Manager's fee shall be separate from and in addition to the Program fee charged by the Registrant.

However, the Registrant shall continue to render advisory services to the client relative to the ongoing monitoring and reviewing of account performance, for which the Registrant shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Manager.

- B. The Registrant acts as the portfolio manager for the Program. Inasmuch as the execution costs for transactions effected in the client account will be paid by the Registrant, a potential conflict of interest arises in that the Registrant would have a disincentive to trade securities in the client account. In addition, the amount of compensation received by the Registrant as a result of the client's participation in the Program may be more than what the Registrant would receive if the client paid separately for investment advice, brokerage and other services.

OTHER ADVISORY SERVICES

As discussed below, the Registrant also offers to its clients discretionary investment advisory services on a non-wrap fee basis, and, to the extent specifically requested by a client, financial planning and related consulting services.

NON-WRAP FEE BASIS

If the client determines to engage the Registrant on a non-wrap *fee* basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody). The Registrant's non-wrap investment advisory services are provided on a discretionary basis. The Registrant's annual fee for advisory services on a non-wrap fee basis is based upon a percentage (%) of the market value of the assets placed under the Registrant's management, generally between negotiable and 2.00%.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

The Registrant provides financial planning and consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$750 to \$10,000 on a fixed fee basis, and from \$150 to \$300 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

RETIREMENT CONSULTING

The Registrant's pension consulting services are provided for a fee calculated based upon a percentage of the plan's assets. The Registrant's percentage fee is based upon the scope and the complexity of the services to be rendered. The terms and conditions of the engagement shall be set forth in a *Retirement Plan Consulting Agreement* between the Registrant and the plan sponsor.

MISCELLANEOUS ADVISORY SERVICES DISCLOSURE

Limitations of Financial Planning and Non-Investment Consulting/Implementation.

As indicated above, to the extent requested by a client, the Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. **Please Note:** We do not serve as an attorney or accountant, and no portion of our services should be construed as legal or accounting services. Accordingly, we do not prepare estate planning documents or tax returns. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc), including certain of the Registrant's representatives in their separate and individual capacities as registered representatives of *LPL Financial*, an SEC registered and FINRA member broker-dealer ("*LPL*"), or as licensed insurance agents.

The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant or its representatives. **Please Note:** If the client engages any recommended unaffiliated

professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Fee Differentials. As indicated above, Registrant shall receive an investment advisory fee based upon a percentage (%) of the market value of the assets placed under management generally between negotiable and 2.25%. However, fees shall vary depending upon various objective and subjective factors, including but not limited to: the representative assigned to the account, the amount of assets to be invested, the complexity of the engagement, the anticipated number of meetings and servicing needs, related accounts, future earning capacity, anticipated future additional assets, and negotiations with the client. As a result, similar clients could pay different fees. Higher fees adversely impact a client's net account performance. Moreover, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should compare services accordingly. Since the Registrant's representative shall receive a portion of the advisory fee charged to the client, a **material conflict of interest** arises, because an increase in the management fee paid by the client may result in increased compensation received by the Registrant's representative.

Please Note: Retirement Rollovers-Potential for Conflict of Interest: If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest since the Registrant has an economic incentive to recommend that clients rollover assets from their existing plan because the Registrant will earn an advisory fee on the additional assets. The client has options other than rolling over the assets to an account managed by the Registrant, including managing the assets without the assistance of the Registrant as part of their current employer sponsored retirement plan or by rolling over the assets to an IRA. In both cases, the client would not be required to pay additional fees to the Registrant and the client would be responsible for managing the assets on their own. **No client is under any obligation to rollover retirement plan assets to an account managed by the Registrant.**

Please Note: Cash Positions. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the Registrant may maintain cash positions for defensive purposes. All cash positions (money markets, etc) shall be included as part of assets under management for purposes of calculating the Registrant's advisory fee

Independent Managers. For those clients that require an enhanced or specialized level of asset management services (***See Investment Management Strategy Portfolio's Above***), Registrant may also recommend that certain clients authorize the active discretionary management of a portion of their assets by or among certain independent investment manager(s) (the "*Independent Manager(s)*"), based upon the stated investment objectives of the client, including investment managers selected and/or recommended by Registrant. The terms and conditions under which the client shall engage the *Independent Manager(s)* shall be set forth in separate written agreements between the client and the Registrant and the client and the designated *Independent Manager(s)*. The Registrant shall continue to render advisory services to the client relative to the ongoing monitoring and reviewing of account performance, for which the Registrant shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Manager(s)*. Factors which the Registrant shall

consider in recommending *Independent Manager(s)* include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment advisory fees charged by the designated *Independent Manager(s)* are exclusive of, and in addition to, the Registrant's investment advisory fee set forth below. In addition to the fees charged by the Registrant, the designated *Independent Manager(s)* and corresponding broker-dealer/custodian, the client, relative to any mutual fund and exchange traded fund purchases, shall incur charges imposed at the fund level (i.e. advisory fees and other fund expenses).

Client Obligations. In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

Disclosure Statement. A copy of the Registrant's written Brochure as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*, *Financial Planning and Consulting Agreement*, or *Retirement Plan Consulting Agreement*.

The Registrant shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). The Registrant shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at any time, impose restrictions, in writing, on the Registrant's services.

There is no material difference between how the Registrant manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody) (*See* Item 4.A). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody). **Please Note:** When managing a client's account on a wrap fee basis, the Registrant shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.

Performance Based Fees and Side-By-Side Management

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

Methods of Analysis, Investment Strategies and Risk of Loss

- **Fundamental** - (analysis performed on historical and present data, with the goal of making financial forecasts)
- **Technical** – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s). Investing in securities involves risk of loss that clients should be prepared to bear.

- B. The Registrant's method of analysis and investment strategy does not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

Currently, the Registrant primarily allocates client investment assets among various exchange traded funds and mutual funds and individual equities (stocks) on a discretionary basis in accordance with the client's designated investment objective(s).

Voting Client Securities

The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 7 Client Information Provided to Portfolio Managers

The Registrant shall be the Program's portfolio manager. The Registrant shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). The Registrant shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at anytime, impose restrictions, in writing, on Registrant's services.

As indicated above, each client is advised that it remains their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

To the extent the Program utilizes *Independent Manager(s)*, Registrant shall provide the *Independent Manager(s)* with each client's particular investment objective(s). Any changes in the client's financial situation or investment objectives reported by the client to the Registrant shall be communicated to the *Independent Manager(s)* within a reasonable period of time.

Item 8 Client Contact with Portfolio Managers

The client shall have, without restriction, reasonable access to the Program's portfolio manager.

Item 9 Additional Information

- A. The Registrant has not been the subject of any disciplinary actions.

Other Financial Industry Activities and Affiliations

- A. **Broker Dealer.** Certain of Registrant's representatives are registered representatives of *LPL*. Clients may choose to engage these certain representatives, in their separate and individual capacities, to effect securities brokerage transactions on a commission basis.

Licensed Insurance Agents. Certain of the Registrant's representatives are, in their separate individual capacities, licensed insurance agents. As discussed above, clients can choose to engage these representatives, in their individual capacities to affect the purchase of insurance products on a commission basis.

Conflict of Interest: The recommendation by Registrant's representatives, that a client purchase a securities or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment or

insurance products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any investment or insurance products from Registrant's representatives. Clients are reminded that they may purchase securities products recommended by Registrant through other, non-affiliated registered representatives or insurance agents. **The Registrant's Chief Compliance Officer, John Knowlton, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

B. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant

Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.

The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons." The Registrant's securities transaction policy requires that Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a

position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

Review of Accounts

For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on a periodic basis by the Registrant's investment adviser representatives, at least annually. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant 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 the Registrant on an annual basis.

The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and 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. The Registrant may also provide a written periodic report summarizing account activity and performance.

Client Referrals and Other Compensation

Transition Assistance Benefits

LPL provides various benefits and payments to Dually Registered Persons that are new to the *LPL* platform to assist with the costs (including foregone revenues during account transition) associated with transitioning their business to the *LPL* (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the Dually Registered Person's business, satisfying any outstanding debt owed to the Dually Registered Person's prior firm, offsetting account transfer fees (ACATs) payable to *LPL* as a result of the Dually Registered Person's clients transitioning to *LPL*'s custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments are often significant in relation to the overall revenue earned or compensation received by the Dually Registered Person at their prior firm. Such payments are generally based on the size of the Dually Registered Person's business established at their prior firm and/or assets under custody with *LPL*. Please refer to the relevant Part 2B brochure supplement for more information about the specific Transition Payments your representative receives.

Transition Assistance payments and other benefits are provided to associated persons of the Registrant in their capacity as registered representatives of *LPL*. However, the receipt of Transition Assistance by such Dually Registered Persons creates conflicts of interest relating to the Registrant's advisory business because it creates a financial incentive for

the Registrant's representatives to recommend that its clients maintain their accounts with *LPL*. In certain instances, the receipt of such benefits is dependent on a Dually Registered Person maintaining its clients' assets with *LPL* and therefore the Registrant has an incentive to recommend that clients maintain their account with *LPL* in order to generate such benefits.

The Registrant attempts to mitigate these conflicts of interest by evaluating and recommending that clients use *LPL*'s services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by any particular Dually Registered Person. The Registrant considers the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness when determining to recommend any broker-dealer/custodian, including *LPL*. However, clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in a brokerage account at *LPL*.

The Registrant's Chief Compliance Officer, John Knowlton, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

Neither the Registrant nor any of its representatives compensates any person other than its supervised persons for client referrals.

Financial Information

The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.

The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

The Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: The Registrant's Chief Compliance Officer, John Knowlton, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements