

# Oak Point Wealth Management, LLC

## Brochure

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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](http://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            Advisory Business**

- A. Oak Point Wealth Management, LLC (the “Registrant”) is a limited liability company formed in December 2016 in the State of Michigan. The Registrant became registered as an Investment Adviser Firm in December 2016. The Registrant is owned by John Knowlton and Dennis Kehoe. Mr. Knowlton and Mr. Kehoe are the Managers.

B.

##### **INVESTMENT MANAGEMENT SERVICES**

The Registrant may be engaged to provide discretionary investment advisory services on either 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).

The Registrant's annual investment advisory fee shall include investment management services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

##### **NON-WRAP FEE BASIS**

The Registrant provides discretionary investment advisory services on a *fee* basis. Before engaging Registrant to provide investment advisory services, the client will be required to enter into a formal Investment Advisory Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client’s assets, and a separate custodial/clearing agreement with the designated broker-dealer.

Registrant provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client’s investment objective(s). Thereafter, Registrant will allocate or recommend that the client allocate investment assets consistent with the designated investment objective(s). Registrant primarily allocates client investment assets among various mutual funds, exchange traded funds and individual equity securities. Once allocated, Registrant provides ongoing monitoring and review of account performance, asset allocation and client investment objectives.

##### **OAK POINT WEALTH MANAGEMENT WRAP PROGRAM**

The Registrant provides investment advisory services on a wrap fee basis in accordance with the Registrant’s investment advisory wrap fee program (the “Program”). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure a copy of which is presented to all prospective Program participants. Under the Program, the Registrant is able to offer participants discretionary investment advisory services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment advisory

fees. The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with the disclosure requirements of Part 2A Appendix 1 of Form ADV. All prospective Program participants should read this Brochure as well as the Wrap Fee Program Brochure, and ask any questions that they may have, prior to participation in the Program. LPL Financial (“LPL”) shall serve as the custodian for Program accounts.

**Please Note:** As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

#### 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 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; and 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; or 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.

### FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

The Registrant also provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Prior to engaging the Registrant to provide planning or consulting services, clients generally enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services.

If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including certain of the Registrant's representatives in their individual capacities as registered representatives of *LPL* Financial ("*LPL*") and/or in their capacities as licensed insurance agents. (*See* disclosure below at Items 10.C below). The client is under no obligation to engage the services of any such recommended professionals. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Please Also Note:** It remains the 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 Registrant's previous recommendations and/or services.

### RETIREMENT CONSULTING

The Registrant also provides non-discretionary pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, the Registrant shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between the Registrant and the plan sponsor.

### MISCELLANEOUS

**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.

**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*.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant's services.
- D. There is no significant 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.B above). 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). **Conflict of Interest.** Because wrap program transaction fees and/or commissions are being paid by Registrant to the account custodian/broker-dealer, to the extent that a client has elected to pay Transaction Based Fees (see discussion below in Item 5.C) the Registrant has an economic incentive to minimize the number of trades in the client's account. *See* separate Wrap Fee Program Brochure. **Registrant's Chief Compliance Officer, John Knowlton, remains available to address any questions that a client or prospective client may have regarding a wrap fee arrangement and the corresponding conflict of interest a wrap fee arrangement may create.**
- E. As of April 12, 2017, the Registrant had \$0 in assets under management on a discretionary basis.

## Item 5 Fees and Compensation

A.

### NON-WRAP FEE BASIS

The Registrant's annual investment advisory fee for discretionary investment advisory services provided on a non-wrap *fee* basis shall vary from negotiable up to 2.00% of the total assets placed under the Registrant's management/advisement and shall be based upon various objective and subjective factors. These factors include, but are not limited to, the amount of the assets placed under the Registrant's management, the level and scope of the overall investment advisory services to be rendered and the complexity of the engagement.

### OAK POINT WEALTH MANAGEMENT WRAP PROGRAM

The Oak Point Wealth Management Wrap Program offers discretionary investment advisory services on a wrap fee basis. The Registrant's Program fee is inclusive of trade execution, custody, reporting, and investment advisory fees. The current annual Program fee ranges from negotiable to 2.25%, depending upon the amount and type of the Program assets and the services to be included.

**Note: Fee Differentials.** The Registrant shall price its wrap and non-wrap investment management services 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 financial planning and/or consulting services to be rendered. 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 be compare services accordingly.

**Please Note:** 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.

### 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.

B. **Asset Management:** The Registrant's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous

quarter. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. Fees will generally be automatically deducted from your managed account. However, the Registrant may agree to directly invoice a client for services rendered.

**Financial Consultations:** The Registrant typically requires that its Financial Planning clients pay a retainer equal to fifty-percent (50%) of the estimated total financial consultation fee in advance of service. The balance of the fee shall generally be directly billed to the client upon completion of the financial consultation services.

**Pension Consultations:** The Registrant's Pension Consulting fees are billed on a pro-rata annualized basis monthly in arrears.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that *LPL* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *LPL* charge brokerage commissions and/or 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 fixed income securities transactions). **Please Note:** Clients who engage the Registrant on a wrap fee basis will not incur brokerage commissions and/or transaction fees in addition to the Program fee paid to the Registrant. However, in addition to Registrant's investment management fee or Program fee, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**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. The fees charged by *LPL* are separate and in addition to the advisory fee payable by the client to Registrant. **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**

- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based market value of the assets under management on the last business day of the previous quarter. The Registrant generally requires a minimum asset level of \$25,000 for investment management services. The Registrant, in its sole discretion, may reduce or waive its minimum asset requirement 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.).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage Registrant's representatives, in their individual capacities, as registered representatives of *LPL*, an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through *LPL*, *LPL* will charge brokerage commissions to effect securities transactions, a portion of which commissions *LPL* shall pay to Registrant's representatives, as applicable. The brokerage commissions charged by *LPL* may be higher or lower than those charged by other broker-dealers. In addition, *LPL*, as well as Registrant's Representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *LPL* presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. **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 conflict of interest.**
2. **Please Note:** Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis, the Registrant 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, the Registrant's 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 Registrant to provide investment management services on an advisory fee basis and separate from such advisory

services purchase an investment product from Registrant's representatives on a separate commission basis.

## **Item 6            Performance-Based Fees and Side-by-Side Management**

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

## **Item 7            Types of Clients**

The Registrant's clients shall generally include individuals, business entities, trusts, estates and charitable organizations. The Registrant generally requires a minimum asset level of \$25,000 for investment advisory services and/or charge a lesser investment advisory 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 8            Methods of Analysis, Investment Strategies and Risk of Loss**

A. The Registrant may utilize the following methods of security analysis:

- 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 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.

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

## **Item 9           Disciplinary Information**

Neither the Registrant nor any of its supervised persons have been the subject of a disciplinary action.

## **Item 10          Other Financial Industry Activities and Affiliations**

- A. **Registered Representative of LPL.** As disclosed above in Item 5.E, certain of Registrant's representatives are also registered representatives of *LPL*, an SEC registered and FINRA member broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **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.**

- D. The Registrant does not recommend or select other investment advisors for its clients for which it receives a fee.

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

- A. 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.

- B. 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.
- C. 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.

- D. 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 in Item 11C, 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.

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *LPL*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *LPL* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee 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 broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### **1. Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *LPL* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be 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, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.



As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *LPL* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *LPL* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

#### 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.**

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

**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.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13      Review of Accounts**

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on a periodic basis by the Registrant's investment advisory 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.

- B. 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.
- C. 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.

#### **Item 14      Client Referrals and Other Compensation**

- A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from *LPL*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *LPL*.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *LPL* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *LPL* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**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 any such arrangement may create.**

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

#### **Item 15      Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. 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.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

## **Item 16          Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as client's attorney and agent in fact, granting the Registrant 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 the Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on the Registrant's 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 Registrant's use of margin, etc.).

## **Item 17          Voting Client Securities**

- A. 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.
- B. 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 18          Financial Information**

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