

## Item 1 – Cover Page

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Date of Disclosure Brochure: January 2018

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This disclosure brochure provides information about the qualifications and business practices of Principal Review, LLC (also referred to as we, us and Advisor throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Daniel Alexander at 847-492-5065 or [dalexander@principalreview.com](mailto:dalexander@principalreview.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Advisor is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for Principal Review, LLC or our firm's CRD number 291663.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Advisor is a newly registered investment adviser, and this disclosure brochure dated January 2018 is the first disclosure brochure prepared by our firm. In the future, this item will discuss only specific material changes that are made to the disclosure brochure and provide readers with a summary of such changes. We will also reference the date of the last annual update of this disclosure brochure.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on June 30, so you will receive the summary of material changes no later than October 31 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## Item 4 – Advisory Business

Advisor is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company (LLC) formed under the laws of the State of Florida.

- Daniel Alexander is the Chief Compliance Officer (CCO), Chief Executive Officer (CEO) and Managing Member of Advisor. Daniel Alexander owns 90.00% of Advisor.
- Allen Steinberg is the Chief Legal Officer (CLO) and Managing Member of Advisor. Allen Steinberg owns 10.00% of Advisor.
- Advisor filed its initial application to become registered as an investment adviser in January 2018.

### **Introduction**

The investment advisory services of Advisor are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of Advisor (referred to as your investment adviser representative throughout this brochure).

### **Description of Advisory Services**

The following are descriptions of the primary advisory services of Advisor. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Advisor before we can provide you the services described below.

**Retirement Plan Services** - Advisor offers retirement plan services to retirement plan sponsors. For a corporate sponsor of a retirement plan, our retirement plan services can include the following services:

#### **Fiduciary Consulting Services – My Principal Review**

Under *My Principal Review* Service, Advisor will provide tools and resources to help plan sponsors and their plan participants make educated decisions at a plan participant’s distributable event (e.g. retirement or separation from the employer). Advisor’s support is both web-based, phone and in person. At a plan participant’s distributable event, Advisor will be available to assist the plan participant navigate the complex investment products and fee structures that can reduce amounts available in retirement.

Under the *My Principal Review* Service, all recommendations of investment options and portfolios will be submitted to the plan participant for the plan participant’s ultimate approval or rejection. If plan participant wishes to implement any recommendations of Advisor, it is the sole responsibility of the plan participant to do so; Advisor does not assist with trade execution or any other type of implementation.

*My Principal Review* is limited to the distributable event and does not continuous supervision after the distributable event recommendations, and Advisor does not serve as administrator or trustee of the plan. Advisor does not act as custodian for any client account or have access to client funds or securities. Advisor does not deduct fees for its services from individual client accounts.

Advisor acknowledges that in performing the *My Principal Review* Service listed above that it is acting as a “fiduciary” as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 (“ERISA”) for purposes of providing non-discretionary investment advice only. Advisor will act

in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause Advisor to be a fiduciary as a matter of law. However, in providing *My Principal Review*, Advisor (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of Client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of Client's retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of Client's retirement plan or the interpretation of Client's retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the "Administrator" of Client's retirement plan as defined in ERISA.

### Non-Fiduciary Services

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since Advisor is not acting as a fiduciary to the Plan as the term "fiduciary" is defined in Section 3(21)(A)(ii) of ERISA. The exact suite of services provided to a client will be listed and detailed in the Qualified Retirement Plan Agreement.

Advisor provides clients with the following Non-Fiduciary Retirement Plan Consulting Service:

- Conflict of Interest Audit. Advisor will provide you with periodic due diligence reviews of your Plan's fees and expenses and your Plan's service providers. The Conflict of Interest Audit aims to identify conflict of interest structures, whether internal or external, that may subject the plan and its participant to predatorial sales practices and increased fees, expenses, data privacy and/or liquidity constraints. The Conflict of Interest Audit will help plan sponsors identify and understand the risks posed by service providers who are paid pursuant to compensation structures that can undermine the best interests of the retirement plan.

Advisor will disclose, to the extent required by ERISA Regulation Section 2550.408b-2(c), to you any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

### **Seminars**

Advisor may occasionally provide seminars in areas such as retirement planning. Seminars are always offered on an impersonal basis and do not focus on the individual needs of participants.

## **Workshops**

Advisor offers educational, informative and motivational workshops to the public as well as to associations, family foundations and employers. Workshops are always offered on an impersonal basis and do not focus on the individual needs of the participants.

## **Limits Advice to Certain Types of Investments**

Advisor provides investment advice on the following types of investments:

- Exchange Traded Funds (ETFs)
- Exchange-listed Securities
- Certificates of Deposit
- Municipal Securities
- Variable Annuities
- Variable Life Insurance
- US Government Securities
- Fixed Income Positions, Fixed Indexed Annuities

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may recommend increasing cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment recommendations to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

## **Client Assets Managed by Advisor**

As a newly registered investment adviser, Advisor has no assets under management to report as of the date of this Brochure. Furthermore, as Advisor does not provide continuous and ongoing management to any client assets, Advisor does not anticipate reporting any assets under management in the future.

## **Item 5 – Fees and Compensation**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Advisor.

## **My Principal Review**

For retirement plan sponsor clients, Advisor will charge an annual fee that is calculated as a percentage of the value of plan assets. This fee is negotiable based upon the complexity of the plan, the size of the plan assets, the actual services requested, the strategic nature of the organization to Advisor, the number of plan participants, and the number of vendors utilized by the plan. *My Principal Review* will be available

to all plan participants of the plan sponsor; the fee will not be negotiable based on the number of plan participants who elect to use the service.

If Advisor charges an annual fee based upon the value of the plan assets, the Plan will be charged an annual fee schedule. The following is a sample annual fee based upon the amount of Plan assets:

<u>Plan Assets</u>	<u>Annual Fees</u>
\$0 – \$500,000,000	4.00 bps
\$500,000,001 – \$1,000,000,000	3.75 bps
\$1,000,000,001 – \$1,500,000,000	3.50 bps
\$1,500,000,001 – \$2,000,000,000	3.25 bps
\$2,000,000,001 – \$2,500,000,000	3.00 bps
\$2,500,000,001 – \$3,000,000,000	2.75 bps
\$3,000,000,001 – \$3,500,000,000	2.50 bps
\$3,500,000,001 – \$4,000,000,000	2.25 bps
\$4,000,000,001 – \$4,500,000,000	2.00 bps
\$4,500,000,001 – \$5,000,000,000	1.75 bps
\$5,000,000,001 – \$5,500,000,000	1.50 bps
\$5,500,000,001 – \$6,000,000,000	1.25 bps
\$6,000,000,001 – \$6,500,000,000	1.00 bps
\$6,500,000,001 – \$7,000,000,000	0.75 bps
\$7,000,000,001 – \$7,500,000,000	0.50 bps
\$7,500,000,001 – Above	0.25 bps

You should refer to your client agreement for the exact annual fee which will be charged by Advisor.

Annual asset based fees of Advisor are billed in arrears (at the end of the billing period) on a quarterly basis and calculated based on the fair market value of your account as of the last business day of the of billing period. Advisor will rely upon the fair market value provided by the third-party plan administrator. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period.

In addition to the asset based fee described, Advisor also charges an up-front, one-time fixed fee for initial implementation of *My Principal Review* that ranges from \$1,000 - \$10,000 to defray initial set-up costs. This implementation fee is negotiable based on the complexity involved in integrating *My Principal Review* with the plan sponsor's participant website, the number of participants, and the contractual

relationship between the vendors and the plan sponsor. The exact amount of this one-time fixed fee for implementation will be listed in the agreement between Advisor and the plan sponsor.

Plan Participant Seminars are included in *My Principal Review* and are provided without an additional cost to the plan sponsor or plan participants.

Advisor will not be compensated based on capital gains or capital appreciation of the funds held by the Plan. Advisor will not maintain custody of any Plan assets.

Fees are prorated (based on the number of days services will be provided) for partial billing periods. If services begin other than on the first day of the quarter, the prorated fee for the initial partial quarter will be calculated on the total plan(s) value on the last day of that initial calendar quarter, billed in arrears, and prorated from the effective date of the Agreement.

Advisor believes that its annual fee is reasonable in relation to: the services provided and the fees charged by other retirement plan consultants, including investment advisors, offering similar services/programs. However, Advisor's annual Service Fee may be higher than that charged by other consultants offering similar services and programs. In addition to Advisor's compensation, clients will incur charges imposed at the investment level (e.g., mutual fund advisory fees and other fund expenses) and charges imposed by the Plan's custodian and Third-Party Administrator (if applicable). A description of mutual fund fees and expenses are available in each mutual fund prospectus.

The plan's custodian or the Third-Party Administrator to the plan will send statements to the plan, at least quarterly, showing all disbursements from the plan, including, if applicable, the amount of the fee paid to Advisor directly from the plan and when such fee is deducted directly from the plan. Any discrepancies between fee billing notices received from Advisor and the statements received from the plan custodian or Third-Party Administrator should be immediately reported to Advisor and/or to the issuer of the account statements (the plan custodian or Third-Party Administrator).

Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client by the custodian. Advisor will not receive any portion of such brokerage commissions or transaction fees from the custodian or the client.

The fees charged by Advisor are in addition to other costs charged by third parties for custodial, legal, accounting, or record keeping tasks. In addition, the client may incur certain charges imposed by third parties other than Advisor in connection with investments made through the plan, including but not limited to, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and qualified retirement plan fees.

Advisor does not reasonably expect to receive any other compensation, direct or indirect, for its services. If Advisor receives any other compensation for such services, Advisor will (i) offset that compensation against its stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to the client.

Either party may terminate the services upon providing the other party providing with written notice of termination effective upon 60 after the other party receives such notice. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Any prepaid but unearned fees are promptly refunded to the client at the effective date of termination. If either party terminates the services during a billing quarter, the client will be charged a pro-rated fee based on the number of days that services were provided.



For individual participants, Advisor does not charge a fee for *My Principal Review*. However, some plan sponsors or vendors may choose to pass along Advisor's fee to participants by increasing the fee charged by the plan sponsor or vendor. Plan participants should contact their plan sponsor for information regarding whether the sponsor or vendors have elected to pass along our fee.

### **Conflict of Interest Audit Service**

Advisor will provide a Conflict of Interest Audit under a fixed fee arrangement. A mutually agreed upon fixed fee is charged for Conflict of Interest Audit services under this arrangement. There is a range in the amount of the fixed fee charged by Advisor for Conflict of Interest Audit services. The minimum fixed fee is generally \$1,000, and the maximum fixed fee is generally no more than \$10,000. The fee is negotiable based on the number of plan participants, the employment status of the plan participants (e.g. active versus separated), the value of plan assets under management, the plan participant turnover rate, the number of vendors associated with the plan, whether the plan is ERISA or non-ERISA, and the number of Conflict of Interest Audits the client has engaged or will engage Advisor for over a specified period of time.

The amount of the fixed fee for your engagement is specified in your Conflict of Interest Audit agreement with Advisor. At our sole discretion, you may be required to pay in advance 20% of the fixed fee at the time you execute an agreement with Advisor; however, at no time will Advisor require payment of more than \$1,200 in fees more than six months in advance. Upon completion and delivery of the financial plan, the fixed fee is considered earned by Advisor and any unpaid amount is immediately due.

In some instances, a party other than the plan sponsor, such as an external consultant, may hire Advisor to perform a Conflict of Interest Audit. In these cases, the third party, rather than the plan sponsor, may pay Advisor for its services, which is a conflict of interest. However, regardless of who is engaging Advisor to perform a Conflict of Interest Audit, Advisor will perform the audit on behalf of the plan and in the plan's interests, rather than the third party.

Fees will be billed directly to the party engaging Advisor for the service and are due upon receipt of the billing notice.

Either party may terminate the services upon providing the other party providing with written notice of termination effective upon 60 after the other party receives such notice. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Any prepaid but unearned fees are promptly refunded to the client at the effective date of termination, calculated based on the percentage of work completed by Advisor as reasonably determined by Advisor.

Advisor does not reasonably expect to receive any other compensation, direct or indirect, for its Services. If we receive any other compensation for such services, we will (i) offset that compensation against our stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

### **Seminars**

Seminars are provided as part of the *My Principal Review* service; no fees are charged for seminars to *My Principal Review* clients.

### **Workshops**

Workshops are always provided free of charge.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

### **Item 7 – Types of Clients**

Advisor generally provides investment advice to the following types of clients:

- Pension and profit sharing plans
- State or municipal government entities
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

You are required to execute a written agreement with Advisor specifying the particular advisory services in order to establish a client arrangement with Advisor.

### **Minimum Investment Amounts Required**

There are no minimum investment amounts or conditions required for establishing an account managed by Advisor. However, all clients are required to execute an agreement for services in order to establish a client arrangement with Advisor and/or the third-party money manager or the sponsor of third-party money manager platforms.

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

#### **Methods of Analysis**

Advisor uses the following methods of analysis in formulating investment advice:

Charting - This is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

Cyclical – This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn

begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost

opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

Other Methods of Analysis - Advisor will utilize Series 24 General Principals and on-line education tools to provide suitability and transactional analysis (inclusive of fees, surrender charges, admin charges, contract features) to help individuals who have met a distributable event in their group sponsored retirement plan, make an informed decision as to what to do with their retirement plan savings.

There are risks involved in using any analysis method.

To conduct analysis, Advisor gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

### **Investment Strategies**

Advisor uses the following investment strategies when providing fiduciary and non-fiduciary consulting services:

Other Investment of Strategies. Suitability and transactional analysis.

### **Primarily Recommend One Type of Security**

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client's specific circumstances and needs.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Securities and other types of investments all bear different types and levels of risk. Those risks are typically discussed with clients in defining the investment policies and objectives that will guide investment decisions for their qualified plan accounts. Upon request, as part of our retirement plan services, we can discuss those investments and investment strategies that we believe may tend to reduce these risks for a particular client's circumstances and plan participants.

Clients and plan participants must realize that obtaining higher rates of return on investments entails accepting higher levels of risk. Based upon discussions with the client, we will attempt to identify the balance of risks and rewards that is appropriate and comfortable for the client and other employees. It is still the clients' responsibility to ask questions if the client does not fully understand the risks associated with any investment. All plan participants are strongly encouraged to read prospectuses, when applicable, and ask questions prior to investing.

We strive to render our best judgment for clients. Still, Advisor cannot assure that investments will be profitable or assure that no losses will occur in their portfolios. Past performance is an important consideration with respect to any investment or investment advisor, but it is not necessarily an accurate predictor of future performance.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

## **Item 9 – Disciplinary Information**

*Item 9* is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

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

Advisor is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment registered adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with us.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics Summary**

Advisor has established a Code of Ethics that will apply to all of its associated persons. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Advisor has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics which also covers our Insider Trading and Personal Securities Transactions Policies and Procedures. Advisor has the responsibility to make sure that the interests of all clients are placed ahead of Advisor's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. Advisor will conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This section is intended to provide clients with a summary of Advisor's Code of Ethics. Clients may receive a complete copy of the Code of Ethics upon request.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

Advisor or associated persons of the firm may not buy or sell for their personal accounts, investment products identical to those recommended to clients. It is the express policy of Advisor that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. Advisor and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an “insider”.
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Advisor.

Any associated person not observing our policies is subject to sanctions up to and including termination.

## **Item 12 – Brokerage Practices**

Clients are under no obligation to act on the financial planning recommendations of Advisor.

### **Directed Brokerage**

Advisor does not implement transactions on behalf of plan sponsor or participants and, as a result, does not recommend nor require the use of any particular broker-dealer.

### **Soft Dollar Benefits**

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer.

Advisor does not have a soft dollar agreement with a broker-dealer or a third-party.

### **Block Trading Policy**

Advisor does not implement transactions on behalf of plan sponsor clients or plan participants. Consequently, Advisor does not “block” or aggregate trades.

### **Agency Cross Transactions**

Advisor does not implement transactions on behalf of plan sponsor clients or plan participants, and our associated persons are prohibited from engaging in agency cross transactions, meaning we cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Although *My Principal Review* will be available to plan participants of plan sponsors who have hired Advisor for this service, plan participants are not obligated to use *My Principal Review* Fiduciary Services. Advisor anticipates that participation in the service will vary over time. As a result, the services provided and the need for account reviews will depend on plan participant engagement with Advisor. For *My Principal Review*, Advisor will review usage statistics and website content and tools at least quarterly. Plan participant engagement with a Registered Principal is reviewed at least weekly by the Chief Compliance Officer or a designated supervisory principal. To the extent that an individual plan participant does not utilize *My Principal Review*, no individualized review will be provided.

When conducting a Conflict of Interest Audit, the audit report will be reviewed by the Chief Compliance Officer or a designated supervisory principal prior to delivery to the client.

### **Statements and Reports**

You are encouraged to always compare any reports or statements provided by us, a sub-adviser or third-party money manager against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

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

Advisor does not directly or indirectly compensate any person for client referrals.

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5* of this Disclosure Brochure. Advisor receives no other forms of compensation in connection with providing investment advice.

*Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.*

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented. According to this definition, Advisor does **not** have custody of client funds or securities.

## **Item 16 – Investment Discretion**

When providing asset management services, Advisor does not maintain trading authorization or discretion over your Account. This means you will be required to implement any transactions or advice pertaining to your Account on your own behalf.

## **Item 17 – Voting Client Securities**



## Proxy Voting

Advisor does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided.

## Item 18 – Financial Information

This *Item 18* is not applicable to this brochure. Advisor does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Advisor has not been the subject of a bankruptcy petition at any time.

## No Arrangement with Issuer of Securities

Advisor and its management do not have any relationship or arrangement with any issuer of securities.

## Customer Privacy Policy Notice

**Commitment to Your Private Information:** Principal Review, LLC has developed a policy of protecting the confidentiality and security information we collect about our clients. We do not, and will not, share nonpublic personal information about you (“Information”) with outside third parties without your consent, except for the specific purposes described below. This notice has been provided to you to describe the Information we may gather and the situations under which we may need to share it.

**Why We Collect and How We Use Information.** We limit the collection and use of Information within our firm to only those individuals associated or employed with us that must have information to provide financial services to you. Such services include maintaining your accounts, providing financial consulting services, third-party management advisory services, and other services described in our Form ADV.

**How We Gather Information.** We get most Information directly from you when you provide us with information from any of the following sources:

- Applications or forms (for example: name, address, social security number, birth date, assets, income, financial history)
- Transactional activity in your account (for example: trading history and account balances)
- Information services and consumer reporting sources (for example: to verify your identity or to assess your credit history)
- Other sources with your consent (for example: your insurance professional, attorney, or

accountant)

**How We Protect Information.** Our employees and affiliated persons are required to protect the confidentiality of Information and to comply with our stated policies. They may access Information only when there is an acceptable reason to do so, such as to service your account or provide you with financial services. Employees who violate our Privacy Policy are subject to disciplinary action, up to and including termination from employment with us. We also maintain physical, electronic, and procedural safeguards to protect information, which comply with applicable SEC, state, and federal laws.

**Sharing Information with Other Companies Permitted Under Law.** We do not disclose Information obtained in the course of our practice except as required or permitted under law. Permitted disclosures include, for instance, providing information to unrelated third parties who need to know such Information in order to assist us with providing services to you. Unrelated third parties may include broker/dealers, mutual fund companies, insurance companies, and the custodian with whom your assets are held. In such situations, we stress the confidential nature of information being shared.

**Former Customers.** Even if we cease to provide you with financial products or services, our Privacy Policy will continue to apply to you and we will continue to treat your nonpublic information with strict confidentiality.

### **Business Continuity Plan**

Advisor has a business continuity and contingency plan in place designed to respond to significant business disruptions. These disruptions can be both internal and external. Internal disruptions will impact our ability to communicate and do business, such as a fire in the office building. External disruptions will prevent the operation of the securities markets or the operations of a number of firms, such as earthquakes, wildfires, hurricanes, terrorist attack or other wide-scale, regional disruptions.

Our continuity and contingency plan has been developed to safeguard employees' lives and firm property, to allow a method of making financial and operational assessments, to quickly recover and resume business operations, to protect books and records, and to allow clients to continue transacting business.

The plan includes the following:

- Alternate locations to conduct business;
- Hard and electronic back-ups of records;
- Alternative means of communications with employees, clients, critical business constituents and regulators; and
- Details on the firms' employee succession plan

Our business continuity and contingency plan is reviewed and updated on a regular basis to ensure that the policies in place are sufficient and operational.