

ADV Part 2A

Centennial Securities Company Inc.

**3075 Charlevoix Drive, S.E.
Grand Rapids, Michigan 49546**

(616) 942-7680

www.centennialsec.com

February 22, 2017

This brochure provides you information about the qualifications and business practices of Centennial Securities Company, Inc. If you have any questions about the contents of this brochure, please contact us at (616) 942-7680. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Centennial Securities Company, Inc., is also available on the SEC’s website at www.adviserinfo.sec.gov.

INTRODUCTION

This brochure contains important information. We encourage you to read it carefully and to ask questions if there is any information that you do not understand. The format and content of this brochure have been prepared based on the instructions to Form ADV, Part 2A, which is prescribed for use by registered investment advisers under federal and state securities laws and related rules. Form ADV, Part 2A supersedes Form ADV, Part II. Investment adviser registration does not imply a certain level of skill or training.

In this brochure, references to “we,” “us,” “our,” or “our firm” refer to Centennial Securities Company, Inc. Individuals who serve as our directors, officers, employees, and investment adviser representatives are referred to as our “representatives.” Our firm’s clients and prospective clients are referred to as “you,” “your,” or “our clients.”

ITEM 2: MATERIAL CHANGES

This summary describes all of the material changes to our previous Form ADV, Part 2A dated August 26, 2015. This summary does not describe all of the changes that were made, only those that we deemed to be material, and this summary is qualified in its entirety by our current firm brochure, which is available upon request by calling us at the telephone number or writing to us at the address shown on the cover page. Our current firm brochure is also available for viewing and downloading over the Internet from the Investment Adviser Public Disclosure website: www.adviserinfo.sec.gov. Follow the website’s instructions to search by our firm’s name, and then use the navigation bar to locate, open and, if desired, download our current firm brochure.

Since our last filing on August 26, 2015, we modified Item 12 to allow for the aggregation and allocation of trades in client accounts. We also modified Item 4 in order to update structured advisory programs offered by us and our representatives. Finally, the standard fee schedule disclosed under Item 5 was modified in order to reduce the lower-end of the ranges for each asset value category. Please contact your investment adviser representative or our office at 616-942-7680 if you have any questions regarding these changes.

ITEM 3: TABLE OF CONTENTS

	<u>Page</u>
ITEM 1: COVER PAGE.....	I
ITEM 2: MATERIAL CHANGES	II
ITEM 3: TABLE OF CONTENTS.....	III
ITEM 4: ADVISORY BUSINESS	1
ITEM 5: FEES AND COMPENSATION	11
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	20
ITEM 7: TYPES OF CLIENTS	20
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	20
ITEM 9: DISCIPLINARY INFORMATION.....	26
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	27
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	29
ITEM 12: BROKERAGE PRACTICES.....	31
ITEM 13: REVIEW OF ACCOUNTS	35
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION	36
ITEM 15: CUSTODY	36
ITEM 16: INVESTMENT DISCRETION	37
ITEM 17: VOTING CLIENT SECURITIES	37
ITEM 18: FINANCIAL INFORMATION	38

ITEM 4: ADVISORY BUSINESS

We are headquartered in Grand Rapids, Michigan. We began business as a securities broker-dealer in 1978. We began offering investment advisory services in 2000. Our principal owners include Donald Beesley, Mario Bernardi, Ryan Diepstra, Randall L. Hansen, James Klunder, Michael Ochoa, Craig Tuinstra, Daniel VanderMolen, and E. Donald Wierenga.

Advisory Services

We offer discretionary and non-discretionary investment management and financial planning services. Prior to engaging us to provide services, you will be required to enter into a written agreement with us setting forth the terms and conditions under which we will provide our services. Our specific services, terms of our compensation, method of payment, and other important information are explained in more detail below. Our services are available to all clients. Our clients include individuals, businesses, trusts and estates, retirement plan sponsors and plan participants, foundations, endowments, and other charitable organizations.

Our investment advisory services are provided by and through our firm's investment adviser representatives. We do not have an investment committee that determines the investment advice or recommendations to be given to our clients. Instead, each of our investment adviser representatives exercises his or her professional judgment to provide investment advice, recommendations, and advisory services on behalf of our firm.

Our Services for Individually Managed Accounts

We offer investment management services through individually managed accounts ("Individually Managed Accounts"), as described in the following paragraphs. There is no minimum size for our Individually Managed Accounts.

Assessing Your Financial Needs and Objectives

In handling Individually Managed Accounts, our representative will meet with you to learn your investment objectives, your investment timeline, your risk tolerance, and other information about your personal circumstances. Based on our interview, our representatives will tailor our advice to your needs and recommend a portfolio consisting of one or more categories of securities which we believe will serve your investment objectives in light of your risk tolerance. You may impose restrictions on our investing in certain securities or types of securities.

During the interview process with our representatives, you should take care to insure that the information you provide us is accurate and complete. The information you provide us will play a key role in our ability to properly assess your investment objectives and risk tolerance. We do not independently verify or update the information you provide.

You should promptly inform us of any material change in your personal information, financial circumstances (including cash flow needs), investment objectives, or risk tolerance. We will assume you have not had any material change in your circumstances unless you tell us.

While we will use our best efforts to recommend investments that are designed to address your investment objectives and risk tolerance, we cannot assure you our recommendations will achieve your objectives. Past performance of investments is not necessarily indicative of their future performance.

Election of Discretionary or Non-Discretionary Investment Management Services

We offer both discretionary and non-discretionary accounts. In a non-discretionary account, you must approve each of our investment recommendations prior to implementing them. When making investment decisions yourself, you should consider the important information contained in the current prospectus for the mutual fund or other security, if applicable. We would be happy to answer any investment-related questions you may have.

The other option we offer is to have your account managed on a discretionary basis. Discretionary investment authority permits us to direct the purchase or sale of securities held for your account in accordance with your investment strategy and objective without obtaining your permission for each specific transaction. Unless otherwise agreed, there are no specific limitations on the securities to be bought or sold or on the amount of such securities for a particular account other than the standard limitations inherent in actions prudently taken in the context of your particular circumstances. Discretionary investment management authority does not permit us to withdraw or transfer money from your account, except to pay our fees as described below.

Customized Portfolios

We develop customized portfolios based on our professional judgment, investment research, and analysis, as well as the experience of our representatives,

including the use of asset allocation software provided by our clearing broker-dealer and qualified custodian, Wells Fargo Clearing Services, LLC, headquartered in St. Louis, Missouri (“Wells Fargo Clearing”). Wells Fargo Clearing is owned by, and an affiliate of, Wells Fargo & Company. However, Wells Fargo Clearing is not affiliated with our firm. Subject to our firm’s general supervision, the investment adviser representative with whom you choose to work will determine the investment advice you receive. Based on your personal circumstances and risk tolerance, our representative will recommend a customized investment portfolio by which to manage your account. You and our representative may agree upon an investment policy or limitations to be followed in managing your account. If we believe it is appropriate to meet your specific investment objectives, we may suggest that one or more portions of your account be managed using different investment strategies.

In recommending one or more investment strategies, we seek to combine various risk categories that, when considered as a whole, have a blended risk/return characteristic that is consistent with your overall risk tolerance and investment return objectives (including your anticipated time horizon for achieving those returns). We may change the investments from time to time based on a variety of factors, including such things as our assessment of the stock market, interest rates, the economy, recent developments affecting specific securities, and other considerations. We change your portfolio’s composition or its investment weighting by purchasing or selling securities held in your account.

Investment decisions will be driven primarily by changes in our recommended asset allocation for your account, rather than the timing of your purchase or sale of any particular investment or how long you have held it. We will generally purchase, sell, and hold investments in your portfolio without specific consideration of your other investments and without regard to the specific tax consequences resulting from the purchase or sale of an investment in your account.

Our customized approach helps us to manage your account while allowing you flexibility. For example, you may already own some investments that you wish to hold for personal or other reasons. You may own some securities that we would not have recommended, but that you may not want to sell for tax reasons. We are not responsible for the suitability of investments that you have selected without our recommendation whether or not you continue to hold them after we begin managing your account.

Investment Management Services through Centennial's Wrap Fee Program

We offer customized portfolios through an advisory program that is our sponsored wrap fee program designed to help you meet your investment objectives and goals—Centennial Select Portfolios (our “Program”). We emphasize continuous personal client contact and interaction in providing discretionary and non-discretionary investment management services. If you participate in our Program, we charge you a single specified fee which covers our advisory services and the fees for executing transactions within your account. Our Program is managed in the same fashion as non-wrap accounts.

A complete description of this Program and its fees are contained in our Part 2A Appendix (“Program Brochure”). To request a copy of our Program Brochure please contact your investment adviser representative or our office at 616-942-7680.

Investment Management Services outside of our Wrap Fee Programs

You are not obligated to participate in our wrap fee Program to implement our investment advice. If you engage us outside of our Program, we will provide our investment advice to you, but we will implement your transactions through another broker-dealer/custodian of your choice. You may impose reasonable restrictions or limitations on the types of investments in your account by providing us with such restrictions or limitations in writing. Under this arrangement, our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which you will incur as explained in more detail below.

Third-Party Managers and Wrap Fee Programs made available by Wells Fargo Clearing

We offer investment management services to identify, monitor, and manage unaffiliated third party investment managers (“Third Party Managers”) through investment programs offered by or through Wells Fargo Clearing, our clearing broker-dealer. Accounts for these investment programs are carried by Wells Fargo Clearing as the qualified custodian. We presently offer the following programs sponsored by or offered through Wells Fargo Clearing: Asset Advisor, FundSource, Masters, Private Advisor, Diversified Managed Allocations, and Pathways (Russell Investments). We may add other investment programs sponsored by Wells Fargo Clearing featuring the advisory services of other Third Party Managers from time to time. We do not provide the brokerage services for these programs. We will select and recommend these managers based on a number of factors including, but not limited to, their investment experience, specialty, and historical performance. We will discuss the background of these managers with you to determine whether one or more of them may be suitable to manage some or all of your account.

In conjunction with these Third Party Managers' programs, we act as a solicitor for, and offer advice about these wrap fee programs. Similar to our wrap fee Program, you should understand that in these wrap fee programs, the program sponsor selects the investments, monitors and evaluates investment performance, executes your portfolio transactions without commission charges, and provides custodial services for your assets. All of these services are generally provided for a wrap fee which is paid to the program sponsor, who in turn pays a portion of the fee to the Third Party Manager and to us. These programs are described in separate wrap fee program brochures prepared and distributed by the program sponsor.

These investment programs are not designed for excessively traded or inactive accounts and may not be suitable for all investors. Each of the following Wells Fargo Clearing wrap fee programs is more specifically described in a separate wrap fee brochure (each a "Wells Fargo Program Disclosure Brochure") prepared and distributed by Wells Fargo Clearing. When we discuss a wrap fee program, we will provide you with a copy of the sponsor's disclosure brochure. Please review it carefully and ask us questions about anything you do not understand. Like this Form ADV Part 2A, each disclosure brochure describes the role of Wells Fargo Clearing, the Third Party Manager, its senior management and key professionals, its services, and other important information about the program, as well as its related fees and charges. Services for these programs will be primarily provided by the Third Party Manager and Wells Fargo Clearing. Related brokerage services will be governed by a brokerage account agreement with Wells Fargo Clearing.

We will serve as your primary contact for these Third Party Managers and the related investment programs. We are always happy to answer any questions you may have about these services. You are also free to directly contact the Third Party Manager or Wells Fargo Clearing if you have any questions or concerns. We will monitor their services and investment performance on an on-going basis. From time to time we may recommend that you change Third Party Managers or Wells Fargo Clearing programs, particularly if your circumstances change. Your account statements will separately report on the investment portfolio(s) managed under one or more of these programs.

In each of these wrap fee programs you will sign a client service contract with Wells Fargo Clearing. Our related services will also be covered by their contract. Wells Fargo Clearing will charge and collect the program-related fees and charges; in turn, Wells Fargo Clearing will pay us our share of those fees. We will service your account and act as your primary point of contact with respect to the Third Party Manager and Wells Fargo Clearing. We do not, however, perform their investment advisory or brokerage services and we are not responsible for them. Our relationship, related

services, and related compensation are described in the Wells Fargo Program Disclosure Brochure for each program.

Some of these investment programs allow you to purchase and sell mutual funds. These accounts may not be used for market timing strategies or activities for mutual funds or any high frequency trading activity. Wells Fargo Clearing, in its sole discretion, or by direction of the fund company, reserves the right to reject any transactions or to assess a redemption fee for any partial or full liquidation execution in which the account trading appears to be inconsistent with the fund's prospectus. If asked by a fund company, we and Wells Fargo Clearing will cooperate to aid in its attempt to identify and impede the efforts of any person engaging in market timing or excessive trading activity. If the fund company notifies Wells Fargo Clearing to reject or cancel a trade for any reason, they reserve the right to cancel such trade without prior notice to you. We and Wells Fargo Clearing will not be responsible for any losses resulting from market timing activities or any action taken under its market timing policies. In addition, the frequency of mutual fund transactions and exchanges is subject to any applicable limits.

Asset Advisor

The Asset Advisor program is a nondiscretionary, client-directed investment program in which your investment adviser representative may provide a broad range of investment recommendations based on your investment objectives, financial circumstances, and risk tolerance as well as any restrictions set forth in your client information-gathering forms and Investment Management Agreement. As a nondiscretionary service, you must approve or reject our investment recommendations before we can affect any securities transaction, or you can select alternative investments of your own choosing. We are not responsible for any transactions in the account which we have not recommended.

Most types of securities are eligible for purchase in an Asset Advisor account including, but not limited to, common and preferred stocks, exchange traded funds, closed-end funds, fee-based unit investment trusts, corporate and municipal bonds, certificates of deposit, options, and mutual funds whose shares can be purchased at net asset value. Not all available securities will be appropriate for all investors. Please note, the minimum account size for this program is \$25,000.

FundSource Program

FundSource is a Wells Fargo Clearing investment program that offers separately managed accounts holding portfolios of mutual funds tied to specific investment objectives. Mutual funds are the only permitted type of investment.

Wells Fargo Clearing's Manager Strategy Group will exercise discretionary investment authority over your account. Portfolios are built from a wide selection of mutual funds recommended by Wells Fargo Clearing after an extensive appraisal process. A key element of the program is an advisory process to help you choose the predefined portfolio—or create a customized portfolio using recommended funds—that best fits your investment goals and risk tolerance. For this program we act only as a solicitor and do not provide any independent advisory services beyond describing and offering this program to you. Please see this program's Wells Fargo Program Disclosure Brochure for a description of the services and additional fee information applicable to FundSource accounts. Please note, the minimum account size for this program is \$10,000.

Masters Program

The Masters program offers separately managed accounts advised by premier institutional managers who are evaluated by Wells Fargo Clearing Manager Strategy Group. This all-inclusive investment program provides flexibility in discretionary portfolio management, on-going monitoring and evaluation, and top-tier service. The key feature of this program is access to a recommended list of money managers, screened and selected by Wells Fargo Clearing, which offers you a complete package of portfolio services. Working with you, we will select from among these Third Party Managers and monitor their performance. Please note, the minimum account size for this program is \$100,000.

Private Advisor Network

Private Advisor Network is designed to give you direct access to professional money managers and their investment services. Each account is managed separately and distinctly, not as part of a pooled fund. Because your portfolio will be composed of individual securities, your professional money manager has the opportunity to tailor your portfolio to meet your unique investment needs and objectives.

The investment process used with this program first identifies your investment goals and priorities. From there, an asset allocation strategy is established. These two factors are then used as a guide for us to select the manager(s) whose style, philosophy, and performance best suits your investment strategy. Lastly, a benchmark is established to serve as a measure for your account's performance, which we will monitor. Your chosen manager is

responsible for selecting and monitoring the securities in your account and suggesting changes when necessary.

The fees for the Private Advisor Network program may be either asset-based or commission-based and are assessed quarterly in advance. These fees include performance measurement costs, custody services, and trading. There is an additional fee billed separately and collected by Wells Fargo Clearing for the Third Party Manager's advisory services. Please see this program's Wells Fargo Program Disclosure Brochure for a description of the services and additional fee information applicable to the Private Advisory Network accounts. Please note, the minimum account size for this program is \$100,000.

Diversified Managed Allocations

The Diversified Managed Allocations (DMA) program offers separately managed accounts. Wells Fargo Clearing acts as the discretionary investment manager. In conjunction with Wells Fargo Clearing, we assist you in reviewing your investment objectives, including any reasonable restrictions you may designate with respect to investment securities. In addition, we assist you in selecting two or more investment advisers from a roster of investment advisers, based on your financial situation, investment objectives, and risk tolerance. This program provides monitoring and reporting of your portfolio performance on a periodic basis.

The program offers a competitive roster of high-quality investment advisers representing a broad array of investment classes and styles formulated by Wells Fargo Clearing. From these various classes and styles, Wells Fargo Clearing identifies several investment advisers in each of these various classes and styles. From this roster of investment advisers, Wells Fargo Clearing has created a number of "Optimal Blends" representing certain investment advisers and target allocations for a number of investment strategies based on your investment objectives and the amount you will invest in the account. The goal is to create combinations that represent an optimal blend of investment classes and styles, based on various investment amounts and risk classifications, using the roster of DMA investment advisers, exchange traded funds and mutual funds. Please review the DMA Wells Fargo Program Disclosure Brochure for additional information. Please note, the minimum account size for this program is \$150,000.

Pathways (Russell Investments)

The Pathways program offers professionally managed optimal blend mutual fund portfolios. Pathways funds are advised by Russell Investment Management Company and distributed by Russell Financial Services, Inc. The mutual funds within the Pathways program are only available by prospectus, which can be obtained by contacting your representative. Pathways offers a variety of portfolio blends that focus on growth, income, or a combination of both growth and income. The portfolio blends under this program also vary based on risk-tolerance, ranging from conservative to aggressive. The Pathways program is not designed for excessively traded or inactive accounts and may not be suitable for all investors. Please note, the minimum account size for this program is \$25,000.

Financial Planning and Consulting Services

We also offer tailored financial planning and consulting services. These consist of a wide range of topics you choose based on the level of service that you desire. Whether you decide to engage us to perform comprehensive financial planning or a more narrow approach to consult with you on a limited basis, you may select from a wide menu of financial topics in our Financial Planning and Consulting Agreement, including: investment product and services planning, tax planning, financial planning with needs analysis, insurance planning, business planning, estate planning (other than legal services), real estate and mortgage analysis, personal and business budgeting, purchase recommendations, cash flow management, and retirement planning.

Our financial planning and consulting services may include, for example, preparing a written financial plan to assist you in saving for such important things as buying a home, your children's college education, your retirement, and your estate. We may advise you about the rollover of your retirement plan account into an individual retirement account ("IRA") or the investment of an inheritance or estate. You may want our financial advice about a special or specific need. Our engagements for these services are tailored to your specific circumstances. These services do not cover on-going investment management or advisory services, as described above.

Our project or hourly fees for these services are described below in the "**FEES AND COMPENSATION**" section. There is no minimum net worth required for our financial planning and consulting services.

Our Services With Respect to Defined Contribution Plans

We may be engaged by the sponsor or trustees of self-directed, defined contribution pension and retirement plans to advise them about the plan's investment menu. Typically, this entails evaluating and recommending the mutual funds available to the plan's participants. We contract directly with the plan's sponsor or trustees in our Plan Advisory Services Agreement. Our advisory fees are paid by the plan or its sponsor.

For no additional charge, plan sponsors and trustees typically ask us to provide educational information and advice about the plan and its investment menu to the plan's participants. Our advice to plan participants does not affect the amount of compensation our firm or our representatives receive from or with respect to the plan. Plan participants are not our clients, though they could independently retain our services to personally advise them about their own circumstances. If a participant engages us to provide advice about his or her personal circumstances, our fees are not based on the value of assets held in their plan account.

Our advice to participants typically includes: (i) explaining the plan's terms and benefits, (ii) suggesting an appropriate asset allocation from among the menu of available mutual funds in light of our general understanding of the participant's age and personal circumstances, (iii) suggesting which of the available mutual funds are appropriate for the suggested asset allocation, and (iv) discussing mutual fund and participant-level account performance. In most cases, our consultations with participants are provided during on-site meetings at the plan sponsor's premises. Our consultations with participants are not customized to fit their personal circumstances, such as we would provide to Individually Managed Accounts as described above.

Our advisory services with respect to plans' and their participants' accounts are only offered on a non-discretionary basis. We do not have authority to implement our recommendations. All investment decisions must be specifically approved by the plan's trustee(s) or participants, as applicable under the plan's terms and conditions.

Assets Under Management

As of December 31, 2016, we provided continuous and regular management services on a discretionary basis for accounts valued, in the aggregate, at approximately \$37,795,413 and on a non-discretionary basis for accounts valued, in the aggregate, of approximately \$235,554,959. In addition, we advised clients about their investments valued, in the aggregate, at approximately \$106,168,615 held in 401(k) plans.

ITEM 5: FEES AND COMPENSATION

Our fees vary depending upon the market value of your assets under management and the management services you select and may be higher or lower than fees charged by other firms for comparable services.

Investment Management Fees Outside of our Wrap Fee Program

We disclose your specific fee in your investment management agreement with us. Although we may negotiate our fee, our standard fee schedule is as follows:

<u>Total Account Value</u>	<u>Annualized Fee</u>
First \$250,000	0.75% – 2.50%
Next \$750,000	0.50% – 1.75%
Over \$1,000,000	0.30% – 1.50%

There is no minimum account size for our customized portfolio advisory service.

We may agree to aggregate your related accounts for purposes of calculating the asset level and fee. If you engage our services, our investment management agreement will describe the specific manner and amount of our fee charges. We may negotiate our fee under certain circumstances and negotiated fees may be higher or lower than our standard fee schedule. Please see the section below entitled, “Fee Negotiation.”

We rely upon your custodian’s account statements for fee calculation purposes. Our advisory fees will be billed and paid quarterly in advance. Each quarterly fee will be determined by applying one quarter of the billing rate to the value of your account as of the end of the previous quarter (or as of the inception of our relationship for the first quarterly fee). Unless you participate in a wrap fee program such as ours or of a Third Party Manager, our advisory fees cover our investment advisory services, but do not cover other charges as described below in the section entitled, “***Other Account-Related Expenses.***”

Unless otherwise agreed in writing, you will authorize us to deduct our periodic advisory fees from your designated account. Your authorization is limited to our withdrawing our advisory fees as and when due. We will provide your custodian with your written fee deduction authorization. We will not make the fee withdrawal if you timely object, in writing to us or your custodian. On a quarterly basis, your account custodian will provide you with an account statement indicating the advisory fees paid to us from your account. You may terminate your authorization at any time, in writing, but

you will remain responsible for promptly paying us any advisory fees that remain due and unpaid.

If our direct fee deduction has been authorized, then our fees will be deducted from the cash balance in your account. If insufficient cash is available, then we will typically liquidate a sufficient amount of securities in your account to cover the balance due in the following order: money market shares, mutual fund shares, and then other types of securities. For taxable accounts, a liquidation of securities may result in taxable income to you.

Centennial's Wrap Fee Program

If you utilize our investment management services under our wrap fee Program, we charge you an all-inclusive annual fee based upon a percentage of the market value of your assets under our management. Fees for our Program include all transaction and custodial costs which otherwise would be separately incurred by you. The fee schedules for our Program are negotiable. Generally, the range of fees is between 0.50% and 2.50% depending on the assets under management, the complexity of your investment requirements, and the nature of your individual circumstance.

A complete description of our Program and its fees are contained in our Part 2A Appendix Wrap Fee Disclosure Brochure. To request a copy, please contact your investment adviser representative or our office at 616-942-7680.

Third Party Managers Program Fees

The fees charged by Wells Fargo Clearing for their wrap fee programs are described in each of the separate Well Fargo Program Disclosure Brochures. The terms and conditions of these fees vary by program. All program fees are collected by Wells Fargo Clearing, who serves as the broker-dealer and custodian for the accounts. We will receive a portion of the fees from Wells Fargo Clearing for our services in assisting you and administering the program for your account.

Total fees, including our share of those fees, will typically range from at least 0.50% up to 3.00% per year. Wells Fargo Clearing determines part of the fee and we determine part of the fee. We do not, however, separately charge for our services. Our fees will be included in the total fees charged and collected by Wells Fargo Clearing. Wells Fargo Clearing pays us our portion of the fees and pays the Third Party Manager their portion of the fees. Our portion of those fees will be disclosed in either the Wells Fargo Clearing contract and/or the Wells Fargo Program Disclosure Brochure. The wrap

fee you pay covers advisory, execution, custodial, and reporting services for your account.

The applicable fee rate (also payable quarterly in advance) will be specified in the client service contract you sign with Wells Fargo Clearing. This fee rate will be used to determine the fee charged. The fee will be calculated each quarter based on the quarter-end market values of your program account as reported by Wells Fargo Clearing. We will not independently value or verify Wells Fargo Clearing's reported account values.

Each quarter, Wells Fargo Clearing will bill you one all-inclusive fee, covering our portion, the Third Party Manager's portion, and Wells Fargo Clearing's portion of the advisory fees for the program or programs you select. Shown below is the range of our firm's portion of the advisory fees charged for each of the Wells Fargo Clearing wrap fee programs we offer. Our portion of the fees is negotiable within the stated ranges on a client-by-client basis. The principal factors considered in negotiating our portion of the fees are summarized below in the "*Fee Negotiation*" section. You should discuss our fees when you talk with our representative. See the applicable Wells Fargo Program Disclosure Brochure for more details and discuss them with our representative when selecting from among these investment programs.

Asset Advisor, FundSource, and Pathways

The annual advisory fees billed quarterly for this investment program are:

<u>Account Asset Value</u>	<u>Annualized Fee</u>
First \$250,000	0.75% – 2.50%
Next \$750,000	0.50% – 1.75%
Over \$1,000,000	0.30% – 1.50%

Masters

The annual advisory fees billed quarterly for this investment program are negotiable. Typically, the all-inclusive fee is about 75 basis points (.75%) for equity accounts and 55 basis points (0.55%) for fixed income accounts. Some participating Third Party Managers impose higher fees than others. The minimum account size for this program is \$100,000 and may be higher with respect to some participating Third Party Managers.

Private Advisory Network

The annual advisory fees billed quarterly for this investment program are separately negotiated with each participating Third Party Manager. The Third Party Manager's fees are billed separately from our fees. The minimum account size for this program is \$100,000 and may be higher with respect to some participating Third Party Managers.

Diversified Managed Allocations

The annual advisory fees billed quarterly for this investment program are:

<u>Type of Account</u>	<u>Annualized Fee</u>
Equity accounts	55 basis points (0.55%)
Balanced accounts	50 basis points (0.50%)
Fixed Income	40 basis points (0.40%)
Completion Sleeves*	25 basis points (0.25%)
Mutual funds/ETFs	5 basis points (0.05%)

*“*Completion Sleeves*” (as defined by Wells Fargo Clearing) consist of various mutual funds and/or ETF's and offer a lower financial entry point for a particular asset class.

The minimum account size for this program is \$150,000 for customized accounts and \$250,000 for “Optimal Blends,” as defined by Wells Fargo Clearing. Optimal Blends represent a combination of designated investment advisers managing your account assets in light of target asset allocations recommended by Wells Fargo Clearing for various investment strategies based your investment objectives and the amount you will invest in the account.

Financial Planning and Consulting Fees

Our fees for financial planning and consulting may be charged on either an hourly basis or at a fixed project fee. The amount of time it may take for us to prepare a financial plan or to provide consulting services, and hence our fees, varies based on factors such as the scope of your desired financial plan and the complexity of your personal circumstances. The rate of our hourly fee varies primarily depending upon the experience and knowledge of our representative serving you. The total amount of our fee will also depend upon the amount of time it takes to perform our services, which is affected by the complexity of your engagement. We may negotiate our fees based on the factors described below.

Generally, our hourly fees range from \$100 to \$300 for our professional staff and \$50 to \$100 for our administrative and support staff. Generally, our standard hourly fees are as follows:

<u>Investment Adviser Representative Experience Level</u>	<u>Hourly Rate</u>
10 or more years	\$300
5 years but less than 10 years	\$200
Less than 5 years	\$100

<u>Administrative Staff Support</u>	<u>Hourly Rate</u>
Registered Administrative Managers/Supervisors	\$80
Registered Administrative Staff	\$60
Non-registered Administrative Staff	\$50

The applicable hourly charge or fixed fee will be specified in our contract prior to you engaging our services. We do not charge for secretarial assistance.

Our standard project-based fixed fee for comprehensive financial planning services is \$2,000. The total fee and services to be provided are negotiable depending upon the scope and complexity of our engagement, as described above. Fees will be agreed upon at the time of engagement and specified in the contract you sign. Our fees generally include the initial meeting and any required follow-up, the review of your financial information, the review and preparation of an investment policy statement as well as the development of an asset allocation plan. The selection of the specific assets and the execution of your plan are not included in the fixed fee. Additional fees may apply for meetings with legal or tax counsel. There are times that we may require a retainer. In such cases, the retainer will be no more than one-half of the proposed project fee and we will perform our services within six months of you engaging us. Unless otherwise specified in our contract with you, financial planning and consulting services are not ongoing and thus terminate upon the delivery of services.

Advisory Fees for Defined Contribution Plans

Our fees for advising defined contribution plans are based on a plan's total assets as follows:

<u>Total Account Value</u>	<u>Annualized Fee</u>
First \$1,000,000	1.00% – 2.50%
Next \$1,000,000	0.75% – 2.00%
Next \$1,000,000	0.75% – 1.75%
Over \$3,000,000	0.50% – 1.25%

The actual billing rate will be specified in the contact we sign with you. We rely upon your custodian's account statements for fee calculation purposes. Our advisory fees are billed to the plan's sponsor, trustees, or third party plan administrator depending upon your wishes. Our fees will be due promptly upon receipt of our invoice. Depending upon the terms of the plan, some or all of our fees may be allocated among the plan's participants by the plan's sponsor, trustees, or third party plan administrator in accordance with the plan's governing documents.

Fee Negotiation

Our representatives may negotiate our fees taking into consideration such things as the size of your account, the number of managed portfolios or accounts, your relationship with other clients (e.g., family), the length of our relationship with you, the complexity of your personal circumstances, the composition of your portfolio, the complexity of investment strategies, the frequency of desired meetings or special reporting, and other factors that affect our cost of providing services to you. If you, your

family, or related persons also have accounts under our management, those accounts may be aggregated for fee calculation purposes. For these reasons, our fees may vary among clients who may otherwise be in similar circumstances. Other investment advisers may charge higher or lower fees for comparable services.

Fee Proration and Adjustments

With your approval, we reserve the right to prorate our fees for large deposits to your account made during a billing cycle. No adjustments or refunds will be made in respect of the appreciation or depreciation of account asset values during a billing period or withdrawals from your account during that period, unless otherwise agreed in writing.

Other Mutual Fund and Insurance-related Expenses

Mutual funds of all types charge their shareholders various advisory fees and expenses associated with the establishment and operation of the funds. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, shareholder servicing fee, other fund expenses, and sometimes a distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge. These separate mutual fund fees are disclosed in each fund's current prospectus, which is available from the mutual fund and, upon request, can be provided by our firm.

Consequently, for any type of mutual fund investment, it is important for you to understand that you are directly and indirectly paying two levels of advisory fees and expenses: one to the fund and one to us. Generally speaking, most mutual funds may be purchased directly without using our services and without incurring our advisory fees. Moreover, many mutual funds pay shareholder servicing fees ("12b-1 fees") to brokerage firms and their registered representatives in consideration of their services to the fund's shareholders. As described below, we will adjust our fees in view of 12b-1 fees that we may receive with respect to your account.

Like mutual funds, insurance companies charge a variety of fees and charges against the assets invested in the separate accounts of their policy holders. As noted above, this means that there are two levels of advisory fees incurred—one by the insurance company and one by our firm for our advisory services. Additionally, commissions are usually paid for the purchase of variable annuities and there may be substantial surrender charges. These commissions, surrender charges, and other expenses are disclosed in the prospectus.

Reductions or Credits for Receipt of 12b-1 Fees

Mutual funds may separately pay us 12b-1 fees for performing shareholder recordkeeping and servicing functions for your account and other clients' accounts. Similarly, mutual fund sponsors and investment advisers may pay us out of their own resources for performance of those functions. In order to avoid this conflict of interest, we lower our advisory fees by either: (i) crediting to your account a pro rata share of the 12b-1 fees we receive for mutual funds held in your account, or (ii) reducing the advisory fee rate we charge to your account, as specified in our client services contract, and disclosing to you that we will receive and retain the 12b-1 fees. In making any billing adjustments, however, we will not refund 12b-1 fees to you in addition to the advisory fees that you have paid us.

Other Account-Related Expenses

Third Party Managers' programs and our wrap fee Program are all-inclusive and have no additional transaction fees. All other programs may have additional execution costs or charges associated with certain securities transactions. These additional charges may include brokerage commissions, postage and handling fees, ticket charges, and state-imposed securities transfer taxes. Other account custodians including Fidelity Wealth Management ("Fidelity"), Charles Schwab & Co. ("Schwab"), and TD Ameritrade ("Ameritrade") may charge an execution fee for their services.

Termination of Services

You may terminate our services at any time by notifying us and we may terminate our services by notifying you. Termination notices must be sent in writing. During the first five business days after you sign our Investment Management Agreement you may terminate without penalty or obligation. Thereafter, you may terminate by giving us five business days' notice and you will be responsible for the prorated portion of our advisory fees. You are responsible for any transaction for your account that has been initiated prior to our receipt of your termination notice.

The unearned portion of advisory fees that you have paid us will be automatically refunded to you promptly, less any amount required to satisfy your transaction-related obligations. We base the refund proration on the number of elapsed days in the billing period.

If you terminate your brokerage account with our firm, you will need to either move your account assets to another broker-dealer or custodian or designate a new broker-dealer of record for your account. Different brokerage firms may impose different terms and charges for their services.

You may terminate the services of any Third Party Manager in accordance with the terms of the Third Party Manager's client services agreement, subject to limitations imposed by applicable laws or rules. You may terminate those services without terminating our services. If you terminate our services, you may or may not be able to continue to utilize the Third Party Manager's services (see the disclosures in the Third Party Manager's disclosure brochure with respect to conditions for establishing or maintaining an account). Third Party Managers are responsible for refunding the unearned portion of their fees, as described in their disclosure brochures.

Brokerage-Related Compensation

We are registered as a securities broker-dealer and we employ registered representatives to perform our brokerage services. If you use our brokerage services, we will receive additional transaction-related compensation such as commissions. We may recommend load, low-load, or no-load mutual funds. We typically receive transaction-related compensation for the sale of load and low-load funds. If you purchase fixed income securities from our inventory, we will receive additional compensation through a mark-up of the purchase price, rather than a brokerage commission.

This additional compensation creates a conflict of interest with respect to our recommendations by creating an incentive to recommend investments for which we may receive transaction-related compensation. We take steps to mitigate these conflicts of interest. For example, if you purchase mutual funds, as described above, we will credit to your account any shareholder servicing and program administration fees we may receive with respect to the funds held in your account. We also recommend certain wrap fee programs, described above, that include both investment advice and brokerage services in the wrap fee. Whether we act as a broker or dealer in a transaction for your account, you will receive a transaction confirmation disclosing our capacity and our compensation.

For a discussion of our broker-related practices, please refer to the discussion under the heading below, "**BROKERAGE PRACTICES.**" For additional information about the compensation we may receive if you use our services to implement our advice, see the discussion under the heading below, "**CLIENT REFERRALS AND OTHER COMPENSATION.**"

You are always free to implement our investment advice through the services of another broker-dealer. Other unaffiliated broker-dealers, such as discount brokerage firms, may charge less than we do, but typically do not offer investment advice.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not charge performance-based fees. Our advisory fees are not based on a share of the capital gains you earn or on the capital appreciation of assets in your account.

ITEM 7: TYPES OF CLIENTS

We provide portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, trusts and estates, charitable institutions, endowments, foundations, as well as corporations and other business entities.

Minimum account size varies by the investment management program you select. Those minimums are described in the “**FEES AND COMPENSATION**” section above.

There is no minimum net worth required for our financial planning and consulting services.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

We rely upon several methods of investment analysis in formulating our advice. We also consider factors such as the experience, depth, and strength of a company’s or fund’s management team.

When analyzing individual stocks, bonds, and similar securities, we typically rely upon a fundamental analysis. Fundamental analysis is a technique that attempts to determine a security’s value by focusing on the economic well-being of a company, as opposed to movements of its market price. In the course of our analysis, we will review a company’s financial statements and consider factors including, but not limited to, the company’s historical financial condition, prior operating results and trends, its projected revenue growth, its competitive advantages and disadvantages, the anticipated demand for its current and future products or services, the age and nature of its assets, and other factors affecting the company’s anticipated results from future operations. Past performance does not assure similar future performance. A company’s fundamental value can be adversely affected by many factors unrelated to its actual operating performance.

We also utilize technical analysis to evaluate potential investments. Unlike fundamental analysis, technical analysis does not analyze the company's value, but instead analyzes the movement of stock prices in the market, both individually and within an industry or sector of the economy. Technical analysis studies the supply and demand in the market in an attempt to determine historical and future trends. Stock price movements, compared to indices and benchmarks, may be analyzed through the use of historical charts and market-related empirical data. Notwithstanding favorable market price movements, a company's financial condition and other unique factors can adversely affect its value.

We also take into consideration whether a company's stock or the industry in which it operates is cyclical or not. Cyclical stocks or industries are affected by broad changes in our economy's business cycle. The value of cyclical stocks tends to move in the same direction as the economy, while the value of counter-cyclical stocks tends to move in the opposite direction.

When analyzing and recommending mutual funds, we consider a broad range of information and a variety of factors about each fund, including its investment style and strategies, management team, any related fund family, investment and redemption terms and conditions, size, portfolio diversification, portfolio turnover, sales load, internal charges and costs, and historical performance. Most of this information comes from each mutual fund prospectus. Depending on factors such as your age, risk tolerance, and time horizon, we take into consideration an appropriate allocation of your investments among various types of mutual funds.

We obtain information from a number of sources, both public and by purchase, including financial newspapers and magazines, inspection of corporate activities, research materials prepared by third-parties, corporate rating services, annual reports, prospectuses, reports filed with the SEC, and company press releases. We believe these resources for information are reliable and regularly depend on these resources for making our investment decisions.

Investment Strategies

We use a variety of investment strategies depending on your circumstances, financial objectives, and needs. We may recommend implementing one or more of the following investment strategies: long-term purchases (held at least a year), short term purchases (held less than a year), trading (sold within 30 days), margin transactions, and buying or selling options.

We may recommend implementing these strategies using stocks, bonds, mutual funds (held directly or held within variable annuities), municipal securities, option contracts, certificates of deposits, and other types of investments. We often recommend mutual funds of different kinds to promote portfolio diversification within various asset classes, such as industry sectors, domestic, international, or equities/bonds. We may recommend period purchases, sales, and exchanges of those mutual fund shares within mutual fund families and between different mutual fund families when there are changes in your needs, market conditions, or economic developments.

Types of Investments

We offer advice about a wide variety of investment types, including mutual funds, index funds, exchange-traded funds, variable annuities, stocks, bonds, options, and other types of securities, as well as FDIC-insured certificates of deposit. We would be pleased to explain and answer any questions you may have about these kinds of investments. Mutual funds, exchange-traded funds, and variable annuities are three special types of securities, as explained below.

Mutual Funds

We often recommend mutual funds of different kinds to promote portfolio diversification within various asset classes, such as industry sectors, domestic/international, or equities/bonds. We may recommend periodic purchases, sales, and exchanges of those mutual fund shares within mutual fund families and between different mutual fund families when there are changes in your needs, market conditions, or economic developments.

The different kinds of mutual funds we use each have inherently different risk characteristics and should not be necessarily be compared side-by-side. A bond fund with below average risk, for example, should not be compared to a stock fund with below average risk. Even though both funds have low risk for their respective categories, stock funds overall have a higher risk/return potential than bond funds.

Of all the asset classes, cash investments (i.e., money markets) offer the greatest price stability, but have yielded the lowest long-term returns. Bonds generally experience more short-term price swings and, in turn, have generated higher long-term returns. However, stocks historically have been subject to the greatest short-term price fluctuations and have provided the highest long-term returns.

The risk in any given mutual fund depends on the investments it holds. For example, a bond fund has interest rate risk and income risk. Bond prices are inversely related to interest rates. If interest rates go up, bond prices will go down and vice versa. Bond income is also affected by a change in interest rates. Bond income (yields) is directly related to interest rate changes. If interest rates rise, bond yields rise and vice versa. Income risk is greater for a short-term bond fund than for a long-term bond fund. However, in a long-term bond fund, your principal is subject to higher principal risk.

Similarly, a sector stock fund (which invests in a single industry, such as telecommunications) is at risk that its price will decline due to developments in its industry. A stock fund that invests across many industries is more sheltered from this industry related risk. However, while diversification across industries can help reduce your risk of loss from investing in a single sector, it may limit your opportunity for a significant gain if a single industry or sector increases dramatically in value.

Exchange-Traded Funds

Exchange-traded funds (“ETFs”) represent a fractional ownership interest in an underlying portfolio of securities or commodities. Many exchange-traded funds track a specific market index and some are actively managed. Some invest in specific economic sectors, domestically or globally. Most ETFs combine characteristics of an open-end mutual fund and a stock. However, unlike mutual funds, individual investors do not purchase or redeem shares from the fund. Instead, like stocks, individuals buy and sell shares of ETFs on an exchange, including the American Stock Exchange, the New York Stock Exchange, and the Chicago Board Options Exchange. The trading dynamic is also a mixture of the two types of securities. That is, prices of ETFs fluctuate according to changes in their underlying portfolios and also according to changes in market supply and demand for ETF shares themselves. Unlike open end mutual funds, ETFs are not bought and sold by the fund’s sponsor at the daily net asset value. ETFs offer investors a cost-effective opportunity to obtain portfolio diversification by buying or selling an interest in a portfolio of stock or bonds in a single transaction.

Sometimes referred to as a “tracking error,” expenses and other factors may affect the performance of an ETF so that the ETF’s performance will not exactly match the performance of its respective underlying index.

Variable Annuities

Variable annuities are highly complex financial products offered by insurance companies. Your investment in a variable annuity contract is subject to both general market risk and the insurance company's credit risk. These and other risks are described in the variable annuities' prospectuses. Variable annuities are regulated under both securities and insurance laws and related rules and regulations. Variable annuities offer various benefits and features which may or may not have value to you depending on your circumstances and we would be pleased to discuss them with you. We typically do not recommend the purchase of variable annuities; however, you may already own a variable annuity and we may advise you about how to invest assets held in your separate account.

Investment Risks and Rewards

Securities, mutual funds, fixed and variable annuities, and other types of investments all bear different types and levels of risk. These risks will be discussed with you in determining the investment objectives that will guide our investment advice for your account. Upon request, as part of our services, we can discuss with you the types of investments and investment strategies that we believe may tend to reduce these risks in light of your personal circumstances and financial objectives.

Obtaining higher rates of return on investments typically entails accepting higher levels of risk. Based upon discussions with you, we will attempt to identify the balance of risks and rewards that is appropriate and comfortable for you. It is still your responsibility to ask questions if you do not understand fully the risks associated with any investment or investment strategy.

We strive to render our best judgment on your behalf. Still, we cannot assure you that your investments will be profitable or assure you that no losses will occur in your investment portfolio. Past performance is one relatively important consideration with respect to any investment or investment advisor, but it is not a predictor of future performance. While we will continuously strive to provide outstanding long term investment performance for you and our other clients, many economic and market variables beyond our control can affect the performance of your investments.

There are many types of risks, which vary with the type of investment or strategy. We would be happy to discuss them with you. Generally, some of the more common investment-related risks that may affect your investment portfolio include:

- Business risks are associated with a particular company or industry. For example, start-up companies carry greater business risks than established companies. Companies developing new technologies carry greater business risks than manufacturers of well-established or widely used products and services.
- Financial risks are often associated with the ability of a company to raise capital or finance its operations, as well as its ability to repay indebtedness. Highly leveraged companies face greater financial risks than well-capitalized companies.
- Market risks are related to the effects of economic, political, natural disasters, or other events on the price of a publicly-traded stock, bond, exchange-traded fund, or other securities. This type of risk is typically affected by extrinsic factors that often are not related to a particular company's financial condition, performance, or circumstances. For example, investment speculation can materially affect market prices.
- Liquidity risks are associated with an investor's ability to readily convert a security or other asset into cash. Generally, there is greater liquidity for securities that are publicly traded on stock exchanges or trading facilities that match buy and sell orders. Privately offered securities may be highly illiquid because there is little or no trading or market activity.
- Concentration risks result from a lack of investment diversification, which may be expressed in terms of geography, industry, or economic sector. For example, mutual funds typically invest in a large number of different companies, typically lowering the risk that one or a small number of those companies experience a significant loss.
- Options are complex, derivative securities that involve special risks. Option contracts expire at a stated maturity date and have no further value. Unlike traditional securities, the value of an option and the return from holding an option varies with the value of the underlying security from which it derives and other factors.
- Interest-rate risks are associated with changes to investment prices due to increasing or decreasing interest rates. For example, when interest rates rise, yields on newly issued bonds become higher, making them more attractive than yields on already outstanding bonds, which may cause the market values of outstanding bonds to decline.

- Real estate investment trusts (“REITs”) own, directly or indirectly, various types of real property interests and, therefore, bear real estate-related risks, among others. Most REITs focus on particular types of commercial development, such as apartments or office buildings, exposing them to downturns in demand, occupancy, and prices for these kinds of real estate. Some REITs bear risks associated with excessive debt, geographic concentration, and poor property management practices.
- Inflationary and deflationary risks are associated with the purchasing power of the dollar, which is affected by broad economic, monetary, governmental policies, and the balance of supply and demand for products and services.
- Reinvestment risks are typically related to fluctuations in the potential interest rate at which future investment proceeds may have to be invested. For example, reinvestment risks may increase during periods of falling interest rates. This risk primarily relates to bonds and other fixed income securities.
- Currency risks are primarily associated with foreign investments. For example, a company’s earnings in a foreign country may be affected by fluctuations in the value of the dollar against that foreign currency. Similarly, the investment return of a foreign security may be affected by changes in currency exchange rates.

ITEM 9: DISCIPLINARY INFORMATION

We have no legal or disciplinary events to disclose that would be material to your evaluation of our firm or the integrity of our management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Our Other Financial Industry Activities

In addition to being registered with the SEC as an investment advisor, we are also registered as a broker-dealer with the SEC, the State of Michigan, and other states. We are a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). Our principal executive officers and most of our advisory representatives are broker-dealer registered representatives. We and our broker-dealer registered representatives are able to effect securities transactions for our clients and will receive separate, customary compensation for effecting securities transactions. Purchasing products and services through our representatives directly benefits them personally and benefits us because of the additional compensation we will receive in those transactions. Additional compensation creates potential conflicts of interests that are discussed below under the section heading, “**CLIENT REFERRALS AND OTHER COMPENSATION.**” As discussed in Item 4, “**ADVISORY BUSINESS,**” our firm acts as a fully-disclosed, introducing broker-dealer to Wells Fargo Clearing, who holds assets and executes transactions for most of our client accounts. Wells Fargo Clearing is not affiliated with our firm.

In addition, we are a licensed domestic insurance agency in the State of Michigan, under which we are authorized to engage in the sale of fixed and variable annuities, as well as life insurance. We are also qualified in several states to engage in sales of life insurance and annuities. Most of our advisory representatives are also licensed as insurance agents or brokers of various insurance companies and receive insurance commissions on insurance purchases which we recommend. The additional compensation creates conflicts of interest, which you should consider in engaging our services or the services of our affiliated businesses. Our advisory fee off-set policy, described in the “**FEES AND COMPENSATION**” section above, is intended to mitigate those conflicts. You may always choose a different insurance agent to implement our advice.

Our principal business is to be a broker-dealer engaged in securities transactions on behalf of customers.

Our Recommendations of Third-Party Managers in the Wells Fargo Clearing Programs

If appropriate in your circumstances, we may recommend the use of third-party investment advisers who participate in Wells Fargo Clearing's Advisory Programs described in the "**ADVISORY BUSINESS**" section above. We receive a share of the ongoing management fees described in the fee schedules in the "**FEES AND COMPENSATION**" section above. The fees for these programs are shared among us, Wells Fargo Clearing, and the specified third-party investment manager. This may create potential conflict of interest when our representatives choose among the Wells Fargo Clearing Advisory Programs and our own investment management services because we may retain more of the fees in our own advisory programs. We seek to mitigate this conflict by carefully reviewing the suitability of your participation in one or more of the programs available and, in our judgment, recommending the program(s) that best match your needs, goals, and objectives. Since these programs allow us to determine the standard advisory fees to our clients, we consider the total advisory fees you would incur and set our fees at competitive levels. Similar advisory services may, however, be available from other investment advisers at a lower cost

Our Affiliations and Relationships

Jim Roberts-Centennial Advisory Services LLC

Our firm has a 49% ownership in a Michigan-registered investment adviser, Jim Roberts-Centennial Securities Advisory Services LLC (JRCSA), which is 51% owned by Jim Roberts Enterprises LLC, which is wholly owned by Jim Roberts, one of our investment advisor and registered representatives. Jim Roberts and some of his employees are dually registered as advisory representatives of both firms. While JRCSA operates separately from our firm, JRCSA pays fees to our firm in exchange for a number of back office services provided to JRCSA, including, but not limited to, new accounts processing, fee payment processing, record-keeping, account supervision, and report generation.

Pathway Benefit Services

We have a relationship with a pension consultant, Pathway Benefit Services, Wyoming, Michigan ("Pathway"), a third party plan administrator. Pathway is owned and operated by two registered representatives/investment adviser representatives of our firm, Thomas B. Petzold and Matthew D. Howell. We may refer corporate clients to Pathway for retirement plan services. We do not receive compensation for those referrals.

If you use Pathway's services, Messrs. Petzold and Howell will earn additional compensation for those services. Pathway and Messrs. Petzold and Howell may refer plan sponsors and trustees to us for our services, but we do not compensate anyone for those referrals. Our services for retirement plan clients who also use Pathway's services constitute a very small part of our business.

A majority of Pathway's retirement plans use our investment advisory services and maintain custodial accounts at Fidelity. Plan sponsors and trustees who are unaffiliated with our firm and Pathway independently determine to engage our services. There are no obligations, nor economic advantages, for using both our services and Pathway's services.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

We adopted a Code of Ethics ("Code") that applies to us and all of our employees. Each of them must comply with our Code as a condition to working with us. The Code describes the standard of conduct that we require of our employees and sets forth restrictions on certain activities, including personal trading in employee-owned, managed, or beneficially-owned accounts. By setting forth the regulatory and ethical standards to which we and our employees must adhere, the Code supports our efforts to promote a high level of professional and ethical conduct in furtherance of our fiduciary duty to our clients. Our Chief Compliance Officer (our "CCO") administers and enforces our Code. You may request a copy by contacting us.

Our Code requires our employees to:

- comply with applicable federal and state securities laws;
- conduct themselves with integrity and act ethically in their dealings with the public, clients and professional associates;
- fulfill their duty of loyalty by acting solely in our clients' best interests;
- strive to provide long-term client satisfaction;
- disclose any conflict of interest;
- report any violation of our compliance manual to our CCO as soon as possible; and
- submit reports of securities beneficially owned by them and their related persons, and submit reports of securities transactions by them and their related persons, subject to certain permitted exceptions.

We prohibit our employees from investing in any initial public offerings and our employees must receive our CCO's approval before they invest in any private placements.

Participation or Interest in Client Transactions

Securities We May Purchase for Others

Centennial provides services for many clients so we may recommend securities for any number of clients prior to, contemporaneously with, or after recommendations or trades made for other clients. We may customize portfolios, which may be subject to special investment guidelines or directives. Consequently, there may be many similarities in portfolio holdings among our clients' accounts and our proprietary or affiliated accounts. You should understand, however, that investments that are appropriate for some accounts are not necessarily appropriate for other accounts based on many factors such as risk tolerance, investment objectives, account size, investment time horizon, and tax planning considerations. Therefore, from time to time our advice may differ from account to account based on their respective financial needs, objectives, and circumstances.

Additionally, we will not act as a principal in a securities transaction with a client in an advisory account. See the Item 10 above entitled, “**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**” for additional information.

Securities We May Purchase for Our Own Accounts

Our firm and our representatives may acquire or hold positions in, or buy or sell the same securities or related options as you or other clients may buy or sell. To the extent that we may own, buy, or sell the same securities as recommended to clients, we may have a conflict of interest with respect to those securities. We seek to mitigate such conflicts by not offering proprietary investment products and ensuring that client transactions always take precedence over transactions by our firm or representatives when executed on the same day.

Mutual fund shares may also be recommended for investment advisory clients. Our firm and our representatives may, from time to time, purchase some of these same funds for their personal portfolios. In view of the fact that these shares are continuously issued and redeemed by the mutual fund at net asset value and that prices are not directly determined by supply and demand, no restrictions are placed on the use of these mutual funds by our firm or our representatives.

ITEM 12: BROKERAGE PRACTICES

Directed Brokerage in our Wrap Fee Program and Pathway Defined Benefit ERISA Plans

We are a registered broker-dealer and most of our advisory representatives are also registered through us to handle securities brokerage transactions. Additionally, our clearing firm, Wells Fargo Clearing, is a qualified custodian, and provides the systems and technology we use to manage assets in your account if you engage us for investment management services. Accordingly, if you use our wrap fee Program, we will require you to open one or more accounts with us using Wells Fargo Clearing as the qualified custodian for this Program. This arrangement creates a potential conflict of interest because our fee includes fees that we would need to pay Wells Fargo Clearing with respect to executing trades on behalf of clients participating in our wrap fee Program. Thus, because we absorb all of the transaction costs, we have a financial incentive to infrequently trade our client accounts participating in our wrap fee Program because infrequent trades will increase our net fee. To mitigate this potential conflict of interest in our wrap fee Program, we have implemented policies and procedures to review accounts for inactivity or infrequent trading. In addition, prior to your participation in our wrap fee Program, we will determine if a wrap fee is suitable for you given your financial goals and investment objectives.

In the context of selecting and retaining Wells Fargo Clearing as our clearing broker-dealer firm and qualified custodian to our advisory accounts, we fulfill our duty of best execution by taking into account numerous factors regarding a broker-dealer's execution of customer trades including: (1) overall market quality; (2) speed of execution; (3) order size; (4) trading characteristics of a particular security; (4) availability of accurate information affecting choices of the most favorable market; (5) availability of economic access to various market centers; and (6) cost and difficulty associated with achieving an execution in a particular market center. Our analysis of these factors is, among other considerations, based on information provided on a quarterly basis by Wells Fargo Clearing relative to their trade executions.

For defined contribution plan advisory services through Pathway Benefit Services, you must use Fidelity Brokerage Services, LLC, member FINRA and SIPC, for brokerage and custodial services as described above in Item 10, under the section entitled, “*Pathway Benefit Services.*” Pathway Benefit Services uses Fidelity Institutional Services for defined benefit plan advisory services because Fidelity provides daily recordkeeping services and access to multiple fund families with access to over 2,500 mutual funds.

Recommended Brokerage and Custodial Services and Soft Dollars

If you engage us for portfolio management services outside of our wrap fee Program or for financial planning or consulting services, we will generally recommend our firm and Wells Fargo Clearing to act, respectively, as broker and custodian to your accounts, but you are not obligated to do so or to use our services or our representatives to implement our financial planning or consulting recommendations. Securities brokerage services are available from other sources at lower cost; however, discount brokerage firms generally do not provide personalized investment advice or other customer services that we can provide you.

We also have unaffiliated brokerage relationships with Schwab, Fidelity, and Ameritrade which are all registered broker-dealers and qualified custodians. We may recommend you establish a brokerage account with any one of these custodians to maintain custody of your assets and to effect trades for your account. Each of these firms will provide custody and execution services in accordance with the terms set forth in your agreement. We reasonably believe that the blend of these firms’ execution services, commission and transaction costs, as well as professionalism allows us to seek best execution and competitive prices. Although we may recommend that you establish accounts at one or more of these firms, it is your decision to do so. We do not have discretionary authority to establish any custodial accounts on your behalf.

When we direct transactions to such broker-dealers as we select, we will seek “best execution” for your account, which is a combination of a number of judgmental factors including price, execution, quality, and your needs. Recognizing the value of these judgmental factors, brokers selected may charge commissions (i.e., ticket charges) that are higher than the lowest commissions that might otherwise be available.

These firms do not charge separately for custody, but rather are compensated by you through commissions or other transaction-related fees or securities trades that are executed through them or that settle into their accounts. We do not receive any part of these separate charges which are assessed directly to you. These firms also do not have a

role with respect to our investment advisory accounts, however, any one of them may serve as the broker-dealer in cases where you wish to execute recommendations as part of the implementation of a financial plan. It is important to note that none of these custodians maintain supervisory relationships with respect to us or our representatives nor are we in any way affiliated with them. We are independently owned and operated.

These firms also make available to us other products and services that may benefit us, but which may not benefit you. These types of services will help us in managing and administering your accounts. These include software and other technology that provide access to your account data such as trade confirmations and account statements; facilitate trade executions; provide research, pricing information, and other market data; facilitate in the payment of our fees from your account; and assist with back-office functions, record-keeping, and client reporting. Many of these services may be used to service all or a substantial number of our accounts who utilize their custodial services. Such research and execution related services are offered to investment advisors who utilize their services. However, the commissions charged by them may be higher than those charged by a broker who does not provide the aforementioned research and execution related services.

Research & Soft Dollar Benefits

We have not entered and do not intend to enter into any contractual third-party soft dollar arrangements, such as where we commit to place a specific level of brokerage with a specific brokerage firm in return for which the brokerage firm will pay for various research related products or services for us, such as Bloomberg terminals or other communication links or services, computer software, investment publication subscriptions or other research related products or services that are generally available for cash purchase.

Client Directed Brokerage

If you do not use our firm and instead direct us to utilize another broker-dealer (including Schwab, Ameritrade, or Fidelity) to custody your assets and/or effect transactions for or with your account, you should understand that, in the case of such a directed brokerage arrangement:

- You will be solely responsible for negotiating the terms and arrangements on which those brokers and dealers are engaged, and we will have no responsibility for reviewing the fairness of those terms and arrangements;
- We will not seek better execution services or prices from other brokers and dealers in connection with transactions for your account;

- We will not monitor the performance of, or the services provided by the brokers and dealers so designated; and
- You 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.

Aggregation of Client Trades

When conducting certain transactions involving debt securities (e.g., bonds), if it appears that our clients will benefit from reduced transaction costs and fees, we may aggregate (i.e., combine) orders for multiple clients into a single transaction, place the aggregated order into a suspense account, and allocate (i.e., divide) the order among multiple clients. When orders are aggregated and allocated, the cost of the security, as well as all related transaction fees, will be shared equally among all participating clients on a pro rata basis.

Trade Errors

We have the responsibility to effect orders correctly, promptly and in the best interests of our clients. We have established an error correction policy to identify and correct any errors as promptly as possible without disadvantaging you or benefiting us in any way.

We have defined a “trade error” to mean when we have purchased or sold a financial instrument for a client account and that action is then determined to have been a mistake and the error results in a financial gain or loss for the client. Examples of errors may include:

- Purchases or sales of an incorrect or unintended security or quantity of securities for a client account;
- Purchases or sales of securities for the incorrect or unintended client account;
- Purchases or sales of securities that are not authorized by the client’s investment guidelines or applicable law or regulations (e.g., prohibited transaction under ERISA); and
- Purchase or sale transpositions (where an intended purchase is entered as a sale, or vice-versa).

If the error is our responsibility, your transaction will be corrected and we will reimburse you for any loss resulting from an inaccurate or erroneous order. Whenever

possible and as soon as practical after an error has been discovered, we will reallocate any erroneous trade in a trade error account. Generally, if related trade errors result in both gains and losses in the client's account, they may be netted. If the error results in a net loss, we will assume the loss. It is possible that you may not profit from the error, even if the correction results in a gain. Trade corrections require us to process a cancellation of the incorrect trade in your account and submit a trade with the correct conditions, for example, the correct number of shares, price, etc. As a result of this procedure, after the correction, the client account will reflect only the trade as it should have correctly been processed.

ITEM 13: REVIEW OF ACCOUNTS

Reviews and Reviewers

We review each Individually Managed Account monthly or more often if market conditions warrant. During our account review, consideration is given to your long-term investment objective(s), goals, economic and market conditions, recent performance of the various funds and securities you hold as compared to the performance of various market indexes. Alternative investments may be identified through various screening techniques we employ and may be implemented throughout the month.

Our principals are responsible for reviewing your account and trading activity. For example, a compliance principal reviews all accounts upon opening. We also review activity in advisory accounts as part of our daily review of trading activity in all client accounts.

Reports for Accounts

If your account is held at Wells Fargo Clearing you will be provided confirmations immediately after each transaction in your account and if a mutual fund is purchased, you will also receive a prospectus either personally or by United States mail. If your account is custodied at another broker/dealer, that broker/dealer will provide the confirmation to you either by United States mail or online.

Periodic account statements, including a complete listing of all portfolio holdings and transactions for your account, will be sent to you on at least a quarterly basis by your account custodian (Wells Fargo Clearing and/or Fidelity, Schwab, or Ameritrade). We rely upon, and are not responsible for, the accuracy of the custodian's account statements. If desired, we can also provide performance reporting on a pre-determined schedule.

If we provide reports in addition to your custodian's periodic account statements, you should carefully review and compare them to determine whether there is any

inconsistent information. Please promptly notify us, or your custodian, if you find any apparent inconsistencies or if you have any questions.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

As described above under the heading, “**FEES AND COMPENSATION**,” we receive solicitor’s fees for introducing you to Third Party Managers for the programs offered by Wells Fargo Clearing. Our relationship and related compensation with Third Party Managers is also described in our solicitor’s disclosure brochure for these Third Party Managers.

Also described above under the heading, “**FEES AND COMPENSATION**,” we may receive 12b-1 shareholder servicing fees and program administration fees from mutual funds with respect to your account. With respect to our managed accounts, we lower our advisory fees in view of this additional compensation that we may receive with respect to your account. We believe this approach eliminates the conflict of interest that would otherwise arise from our receipt of this additional third-party compensation.

Finally, as described above, when we act as a broker-dealer we may also receive transaction-based compensation. Additional compensation creates a conflict of interest that could affect our advice. Such compensation is typically disclosed in transaction confirmations and/or periodic account statements. Notwithstanding these potential conflicts, we strive to adhere to the highest ethical standards in performing our investment advisory services.

We do not employ or pay third-party solicitors to refer new investment advisory business to us.

ITEM 15: CUSTODY

We do not provide custody services for your account. However, we are an introducing broker-dealer and, as such, may receive and promptly forward your funds or securities to Wells Fargo Clearing, a mutual fund, or any other custodian you have selected for your account. We may also bill your account custodian for our advisory services, as described above, if you have granted us this direct fee-deduction authority. Our ability to handle your funds or securities, or to deduct our advisory fees from your account, is deemed to give us custody over your funds or securities even though we do not act as your account custodian.

If you select Wells Fargo Clearing to act as your account custodian, then all securities will be issued in uncertificated form in your name or in Wells Fargo Clearing’s “street name” for your beneficial ownership. Wells Fargo Clearing will credit your account with cash and other assets you deposit in the account, with dividends and other contributions paid on shares of securities held in your account (unless automatically reinvested as described below), and with the

proceeds from redemptions and sales of your securities. We are not affiliated with Wells Fargo Clearing and are not responsible for its services.

Some clients, through a 401k relationship, select Fidelity as the custodian for their mutual fund investments. You may already have, or you may select, another custodian for your account. Some custodians separately charge for their services.

You will receive statements from the broker-dealer, bank, mutual fund, or other qualified custodian that holds and maintains your investment assets at least quarterly. We urge you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you, as described under the heading above, *Item 13 - “REVIEW OF ACCOUNTS.”* Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Promptly ask us or your custodian questions about the information reported in your account statements.

ITEM 16: INVESTMENT DISCRETION

We generally receive discretionary authority in writing from clients at the outset of an advisory relationship in the investment management agreement, as explained under the heading above, *Item 4 - “ADVISORY BUSINESS.”* Discretionary authority grants us the ability to determine, without obtaining your specific consent, the securities to be bought or sold for your portfolio, the amount of securities to be bought or sold, and in most cases, the broker-dealer to be used and the commission rate to be paid. In all cases, however, such discretion is to be exercised in a manner consistent with your stated investment objectives for the account and by considering the size of your account and your risk tolerance.

Also, you may sign an agreement with your custodian that generally includes a limited power of attorney granting us authority to direct and implement the investment and reinvestment of your assets within the account, but not direct or move the assets outside of the account.

When selecting securities and determining amounts, we observe any investment policies, limitations and restrictions you provide to us in writing. For pension and retirement plans governed by ERISA, our investment advice is also limited by ERISA’s requirements and prohibitions.

ITEM 17: VOTING CLIENT SECURITIES

We will not vote the proxies for securities held in your accounts. Proxy materials will be forward to you for voting. If you have questions about a proxy solicitation, we would be happy to discuss it with you.

ITEM 18: FINANCIAL INFORMATION

We are required to provide you with certain financial information or disclosures about our financial condition if we have financial commitments that impair our ability to meet contractual and fiduciary commitments to you or if we were to require prepayment of our advisory or financial planning and consulting fees in excess of \$1,200 per client, six months or more in advance. We have not been the subject of a bankruptcy proceeding and do not have any financial commitments that would impair our ability to meet any contractual or fiduciary commitments to you. While we may require prepayment of our financial planning and consulting fees, described above, we perform our services within six months of your engaging us. Fees for advisory services are collected quarterly in advance only.

12909277-3