

## **Comprehensive Financial Consultants Institutional, Inc.**

**674 S. College Avenue  
Bloomington, IN 47403**

**Telephone: (812) 334-3190  
Toll Free: (800) 893-3958**

**Website: [www.cfcj.cc](http://www.cfcj.cc)**

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### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Comprehensive Financial Consultants Institutional, Inc. If you have any questions about the contents of this brochure, please contact us at (812) 334-3190. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Comprehensive Financial Consultants Institutional, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Comprehensive Financial Consultants Institutional, Inc. is 128257.

Comprehensive Financial Consultants Institutional, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment dated February 4, 2019, we have no material changes to report.

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## Item 4 Advisory Business

### Description of Firm

Comprehensive Financial Consultants Institutional, Inc. is a registered investment adviser based in Bloomington, Indiana. We are organized as a subchapter S-corporation under the laws of the State of Indiana. We have been providing investment advisory services since 2003. David K. Hays, President, is our principal owner. Other owners of the firm include: Daniel L. Hays, Treasurer, and Rodney L. Holloway.

As used in this brochure, the words "we", "our" and "us" refer to Comprehensive Financial Consultants Institutional, Inc. and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm. The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs.

### Portfolio Management Services

The process typically begins with an introduction meeting during which the various services we provide are explained. During or after the initial meeting, if you decide to engage us for investment advisory services, we will collect pertinent information about your personal and financial circumstances and objectives. As required, we will conduct follow-up interviews for the purpose of reviewing and/or collecting additional financial data. As part of the process, we may complete a risk assessment, investment policy statement or similar document. Portfolio management services begin only after we formalize the relationship by executing an agreement.

We provide discretionary and non-discretionary portfolio management services in accordance with your individual investment objectives. If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on your behalf. This authorization includes deciding which securities to buy and sell, when to buy and sell, in what amounts, and the broker or dealer to be used, in accordance with your investment program, without obtaining your prior consent or approval for each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, and/or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis. Non-discretionary services are provided relative to your individual employer-sponsored retirement plans or for any other types of investments. Retirement plan assets are maintained at the custodian designated by the sponsor of the client's retirement plan. Investments and service providers relative to Plan offerings are limited to only those available through the respective Plans and are determined by the Plan Sponsor(s). You are welcome to retain authority to implement recommendations in whole or in part.

Clients engaging investment advisory services must play an active role. We require your direct participation in the formation of the investment plan, investment advice and recommendations. During the course of the engagement, you may call our office to discuss your portfolio or ask questions at any time. In all cases, we recommend that you initiate a meeting with us no less frequently than annually. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You may choose to make self-directed securities transactions which are investments that are not reviewed and/or not recommended by us. In such cases, we have not passed on the suitability of the investments and while we may assist you with client-directed implementation as a value-added service at your request, we will not manage these types of investments unless agreed upon in writing.

In all cases, you have a direct and beneficial interest in your securities (individual ownership), rather than an undivided interest in a pool of securities. Your funds and securities will be held at your selected custodial services provider(s). We do not and will not have custody of your funds or securities. We will only have access to custodial accounts in order to deduct investment advisory fees and only with your written authorization.

As part of our Portfolio Management services, we offer financial planning services at no additional charge. We do not provide legal, accounting, or insurance services. The financial plans are for budgeting, retirement planning, and asset allocation purposes. Our financial planning services is not mandatory for all clients. Financial planning advice is developed based on information that is provided to us by you. This information may include, but is not limited to, your financial objectives, risk tolerance, financial resources, family situation and future financial goals. Documents requested by us to develop the plan could include tax returns, financial statements, bank statements, list of investments, insurance policies, etc. It is important that the information provided is accurate and complete. We are not responsible for verifying the accuracy of the information provided by you. You are under no obligation to act on our financial planning recommendations.

### **Selection of Other Advisers**

As part of our investment advisory services, and predicated on suitability, we may recommend that you use the services of a third party investment adviser ("TPA") to manage your entire, or a portion of your, investment portfolio. After gathering information about your financial situation and objectives, we may recommend that you engage a specific TPA or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to: the TPA's performance, your financial needs, investment goals, risk tolerance, and investment objectives. We will monitor the TPA(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

The TPA(s) will manage your portfolio and may assume discretionary investment authority over your account. We will assume discretionary authority to engage and terminate TPA(s) and/or reallocate your assets to other TPA(s) where you and your advisor deem appropriate.

### **Types of Investments**

We offer advice on equity securities, corporate debt securities (other than commercial paper), certificates of deposit, municipal securities, variable annuities, mutual fund shares, United States government securities, options contracts on securities, money market funds, ETFs, interests in partnerships investing in real estate and interests in partnerships investing in oil and gas interests.

Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of January 16, 2020, we provide continuous management services for \$231,197,736 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Portfolio Management Services**

Our annual advisory fee is billed and payable quarterly in advance based on the balance on the last trading day of the preceding quarter. The Market Value is determined by the custodial firm. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances, and is based on the following fee schedule:

<b>Portfolio Size</b>	<b>Annual Fee*</b>
Up to \$99,999	1.80%
\$100,000 to \$249,000	1.55%
\$250,000 to \$999,999	1.50%
\$1,000,000 to \$5,000,000	1.40%
Over \$5,000,000	Negotiable

\*Related accounts may be aggregated for fee calculations.

The remainder of the fee shall be apportioned on a pro rata basis to the advisory services rendered throughout the year. Since start-up expenses are only incurred during the first year of the advisory relationship, fees paid in subsequent years will be charged for the rendering of investment advice only.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this brochure.

We may adjust our fee schedule on 30-days prior written notice. Therefore, arrangements with existing clients may differ from the fees published above. In all cases, applicable fees and fee paying arrangements will be clearly set forth in the executed agreement for services.

Either party may terminate the portfolio management agreement upon 30-days' written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Selection of Other Advisers**

We do not charge you a separate fee for the selection of other advisers. We will share in the advisory fee you pay directly to the TPA. The advisory fee you pay to the TPA is established and payable in accordance with the disclosure brochure provided by each TPA to whom you are referred. These fees may or may not be negotiable. Our compensation may differ depending upon the individual agreement we have with each TPA. As such, we may have an incentive to recommend one TPA over another TPA with whom we have less favorable compensation arrangements or other advisory programs offered by TPAs with which we have no compensation arrangements.

You may be required to sign an agreement directly with the recommended TPA(s). You may terminate your advisory relationship with the TPA according to the terms of your agreement with the TPA. You should review each TPA's disclosure brochure for specific information on how you may terminate your advisory relationship with the TPA and how you may receive a refund, if applicable.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

Certain persons providing investment advice on behalf of our firm are registered representatives with J.W. Cole Financial, Inc, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons, in their capacities as a registered representative, is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

In addition, certain persons providing investment advice on behalf of our firm are investment adviser representatives ("IARs") with J.W. Cole Advisors, Inc, an SEC Registered Investment Adviser. In their capacity as IARs of J.W. Cole Advisors, these persons may offer investment advisory services on behalf of J.W. Cole Advisors that are separate and distinct from the advisory services offered by our

firm. In these instances you will pay a fee to J.W. Cole Advisors for these services and our representative will be compensated by J. W. Cole Advisors. You are under no obligation, contractually or otherwise, to use the advisory services of J.W. Cole Advisors.

Certain persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm. We will not undertake a review or provide recommendations on issues relating to property and/or casualty insurance. Since these coverage areas are important, you should consider seeking the services of a licensed property and casualty firm.

*We may make differing recommendations with respect to the same securities or insurance products to different advisory clients. All recommendations made are specific to each your individualized needs and current financial situation.*

Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we reserve the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:



- **Charting Analysis** - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.
- **Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- **Technical Analysis** - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- **Cyclical Analysis** - a type of technical analysis that involves evaluating recurring price patterns and trends.
- **Long Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.
- **Options Trading/Writing**: a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Market risk and factors that affect the overall economy or securities markets (systematic risk) are present in all securities and strategies.

- **Interest-rate risk** describes the risk that the value of a security will go down because of changes in interest rates. For example, when interest rates overall increase, bond issuers must offer higher coupon rates on new bonds in order to attract investors. The consequence is that the prices of existing bonds drop because investors prefer the newer bonds paying the higher rate. On the other hand, there is also interest-rate risk when rates fall because maturing bonds or bonds that are paid off before maturity must be reinvested at a lower yield.
- **Inflation risk** describes the risk that increases in the prices of goods and services, and therefore the cost of living, reduce your purchasing power. Let's say a can of soda increases from \$1 to \$2. In the past, \$2 would have bought two cans of soda, but now \$2 can buy only one can, resulting in a decline in the value of your money. Inflation risk and interest rate risk are closely tied together, as interest rates generally rise with inflation. Because of this, inflation risk can also reduce the value of your investments. For example, to keep pace with inflation and compensate for the loss of purchasing power, lenders will demand increased interest rates. This can lead to existing bonds losing value because, as mentioned above, newly issued bonds will offer higher interest rates. Inflation can go in cycles, however. When interest rates are low, new bonds will likely offer lower interest rates.

- *Currency risk* occurs because many world currencies float against each other. If money needs to be converted to a different currency to make an investment, any change in the exchange rate between that currency and yours can increase or reduce your investment return. You are usually only impacted by currency risk if you invest in international securities or funds that invest in international securities.
- *Liquidity risk* is the risk that you might not be able to buy or sell investments quickly for a price that is close to the true underlying value of the asset. Sometimes you may not be able to sell the investment at all if there are no buyers for it. Liquidity risk is usually higher in over-the-counter markets and small-capitalization stocks. Foreign investments can pose liquidity risks as well. The size of foreign markets, the number of companies listed, and hours of trading may limit your ability to buy or sell a foreign investment.
- *Sociopolitical risk* is the possibility that instability or unrest in one or more regions of the world will affect investment markets. Terrorist attacks, war, and pandemics are just examples of events, whether actual or anticipated, that impact investor attitudes toward the market in general and result in system-wide fluctuations in stock prices. Some events, such as the September 11, 2001, attacks on the World Trade Center and the Pentagon, can lead to wide-scale disruptions of financial markets, further exposing investments to risks. Similarly, if you are investing overseas, problems there may undermine those markets, or a new government in a particular country may restrict investment by non-citizens or nationalize businesses.

An option you should consider to mitigate systematic risk is to build a portfolio that includes investments that react differently to the same economic factors. It is a strategy known as 'asset allocation'. There are also two primary non-systematic risks associated with these strategies:

- *Management risk*, refers to the impact that bad management decisions, other internal missteps, or even external situations can have on a company's performance and, as a consequence, on the value of investments in that company. Even if you research a company carefully before investing and it appears to have solid management, there is no way to know that a competitor is about to bring a superior product to market. Nor is it easy to anticipate a financial or personal scandal that undermines a company's image, its stock price, or the rating of its bonds.
- *Credit risk*, also called default risk, is the possibility that a bond issuer won't pay interest as scheduled or repay the principal at maturity. Credit risk may also be a problem with insurance companies that sell annuity contracts, where your ability to collect the interest and income you expect is dependent on the claims-paying ability of the issuer.

One way to manage nonsystematic risk is to spread diversify your portfolio holdings within each major asset class—stock, bonds, and cash—either by owning individual securities or mutual funds that invest in those securities. While you are likely to feel the impact of a company that fails, it should be much less dramatic if that company's stock is just one among several you currently own.

## **Taxation**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Custodians will default to the FIFO accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to

our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

**Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all of your principal. The U.S. Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

**Certificates of Deposit:** Certificates of deposit ("CD") are generally a safe type of investment since they are insured by the Federal Deposit Insurance Company ("FDIC") up to a certain amount. However, because the returns are generally low, there is risk that inflation outpaces the return of the CD. Certain CDs are traded in the market place and not purchased directly from a banking institution. In addition to trading risk, when CDs are purchased at a premium, the premium is not covered by the FDIC.

**Municipal Securities:** Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

**Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

**Variable Annuities:** A variable annuity is a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity) or a series of regular payments (regular-payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. At this point, the contract will terminate and the remainder of the funds accumulated forfeited unless there are other annuitants or beneficiaries in the contract. Annuities can be purchased to provide an income during retirement. Unlike fixed annuities that make payments in fixed amounts or in amounts that increase by a fixed percentage, variable annuities, pay amounts that vary according to the performance of a specified set of investments, typically bond and equity mutual funds. Many variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose

a variety of fees and expenses, in addition to sales and surrender charges, such as mortality and expense risk charges; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return. Earnings in a variable annuity do not provide all the tax advantages of 401(k)s and other before-tax retirement plans. Once the investor starts withdrawing money from their variable annuity, earnings are taxed at the ordinary income rate, rather than at the lower capital gains rates applied to other non-tax-deferred vehicles which are held for more than one year. Proceeds of most variable annuities do not receive a "step-up" in cost basis when the owner dies like stocks, bonds and mutual funds do. Some variable annuities offer "bonus credits." These are usually not free. In order to fund them, insurance companies typically impose mortality and expense charges and surrender charge periods. In an exchange of an existing annuity for a new annuity (so-called 1035 exchanges), the new variable annuity may have a lower contract value and a smaller death benefit; may impose new surrender charges or increase the period of time for which the surrender charge applies; may have higher annual fees; and provide another commission for the broker.

**Limited Partnerships:** A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner has management authority and unlimited liability. The general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and their liability is limited to the amount of their capital commitment. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership. The range of risks are dependent on the nature of the partnership and disclosed in the offering documents if privately placed. Publicly traded limited partnership have similar risk attributes to equities. However, like privately placed limited partnerships their tax treatment is under a different tax regime from equities. You should speak to your tax adviser in regard to their tax treatment.

**Options Contracts:** Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date"). The two types of options are calls and puts:

A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.

A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

Selling options is more complicated and can be even riskier.

The option trading risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.
- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put (for a put option).
- European style options which do not have secondary markets on which to sell the options prior to expiration can only realize its value upon expiration.
- Specific exercise provisions of a specific option contract may create risks.
- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.



The option trading risks pertaining to options sellers are:

- Options sold may be exercised at any time before expiration.
- Covered Call traders forgo the right to profit when the underlying stock rises above the strike price of the call options sold and continues to risk a loss due to a decline in the underlying stock.
- Writers of Naked Calls risk unlimited losses if the underlying stock rises.
- Writers of Naked Puts risk unlimited losses if the underlying stock drops.
- Writers of naked positions run margin risks if the position goes into significant losses. Such risks may include liquidation by the broker.
- Writers of call options could lose more money than a short seller of that stock could on the same rise on that underlying stock. This is an example of how the leverage in options can work against the option trader.
- Writers of Naked Calls are obligated to deliver shares of the underlying stock if those call options are exercised.
- Call options can be exercised outside of market hours such that effective remedy actions cannot be performed by the writer of those options.
- Writers of stock options are obligated under the options that they sold even if a trading market is not available or that they are unable to perform a closing transaction.
- The value of the underlying stock may surge or ditch unexpectedly, leading to automatic exercises.

Other option trading risks are:

- The complexity of some option strategies is a significant risk on its own.
- Option trading exchanges or markets and option contracts themselves are open to changes at all times.
- Options markets have the right to halt the trading of any options, thus preventing investors from realizing value.
- Risk of erroneous reporting of exercise value.
- If an options brokerage firm goes insolvent, investors trading through that firm may be affected.
- Internationally traded options have special risks due to timing across borders.

Risks that are not specific to options trading include market risk, sector risk and individual stock risk. Option trading risks are closely related to stock risks, as stock options are a derivative of stocks.

## **Item 9 Disciplinary Information**

Comprehensive Financial Consultants Institutional, Inc. has been registered and providing investment advisory services since 2003. Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

## Item 10 Other Financial Industry Activities and Affiliations

Certain persons providing investment advice on behalf of our firm are registered representatives with J.W. Cole Financial, Inc., a securities broker-dealer, and a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Our advisory representatives may suggest that you place your transactional business through J.W. Cole Financial. If your transactions are executed through J.W. Cole Financial, our Advisory Representatives may receive normal commissions, thus a conflict of interest exists between our interests and your interests. You are under no obligation to purchase products we may recommend through J.W. Cole Financial.

In addition, certain persons providing investment advice on behalf of our firm are investment adviser representatives ("IARs") with J.W. Cole Advisors, Inc, an SEC Registered Investment Adviser. In their capacity as IARs of J.W. Cole Advisors, these persons may offer investment advisory services on behalf of J.W. Cole Advisors that are separate and distinct from the advisory services offered by our firm. In these instances you will pay a fee to J.W. Cole Advisors for these services and our representative will be compensated by J.W. Cole Advisors. You are under no obligation, contractually or otherwise, to use the advisory services of J.W. Cole Advisors.

Certain persons providing investment advice on behalf of our firm may also be licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

Eric Giesler, Chief Compliance Officer of our firm is also the owner of another registered investment adviser, Blue Crab Partners, LLC ("Blue Crab"). The services offered and fees charged by Blue Crab are separate and distinct from the fees charged by our firm. In rare circumstances and if appropriate a client of our firm may be referred to Blue Crab and vice versa however there are no referral fees paid.

While these individuals endeavor at all times to put the interest of our clients first as part of our firm's fiduciary duty, you should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

### Outside Business Activities

**"Your Money with David Hays"** began broadcasting in January 2002 as a live, local show for investment and financial information. Today, "Your Money with David Hays" is an hour of interactive news, market reports and general financial and investment education.

### Recommendation of Other Advisers

We may recommend that you use a third party adviser ("TPA") based on your needs and suitability. We will receive compensation from the TPA for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any TPA we recommend.

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

### **Description of Our Code of Ethics**

It is our policy to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. Our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm. Clients or perspective clients may contact us at (812) 334-3190 to request a copy of our Code of Ethics.

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

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services, separate capacity as registered representatives, and separate capacity as licensed insurance agents as otherwise disclosed in this Brochure.

### **Personal Trading Practices**

Our firm and our Associated Persons acknowledge our fiduciary responsibility to place the investment needs of our clients ahead of our own. As our client, your interests are held in the highest regard. Our firm or persons associated with our firm may have similar investment goals and objectives and as a result we may buy or sell securities for our personal accounts that may be identical to or different from those recommended to you or that you already hold in your account. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, where we trade on the same trading day, it is our policy that we will only execute transactions for personal accounts in the same direction as, and after the trade is complete in, your customer account. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

## **Item 12 Brokerage Practices**

We will recommend that a client in need of brokerage and custodial services utilize J. W. Cole Financial, Inc. In their capacities as insurance agents and registered representatives of J. W. Cole Financial, Inc., certain of our Associated Persons will sell securities and insurance products, including, but not limited to, mutual funds, equities, variable insurance products, life, health, and long-term care products, and will receive additional compensation, in the form of commissions, on the sale of such products. As previously disclosed, these representatives may also receive 12b-1 distribution fees from investment companies (mutual funds) in connection with the placement of your funds into investment companies through their separate capacity of being registered representatives of J. W. Cole Financial, Inc. Please see the "Fees and Compensation" section in this Brochure for more information on this topic.

Associated Persons of our firm may receive other cash and non-cash compensation from investment companies (mutual funds) in their separate capacity of being a registered representative of J. W. Cole Financial, Inc.



For Portfolio Management Services, we will utilize the services of Raymond James & Associates, Inc. and FTJ, independent registered securities broker/dealers and custodians, and FINRA/SIPC members, among others, to maintain custody of your assets and to effect trades for your accounts. Raymond James, JP Morgan, Fidelity, and Advisors Asset Management provide our firm with access to their trading and execution services.

You are hereby advised that there will be custodial fees associated with purchasing or selling securities. These fees are assessed in addition to the investment advisory fees we charge. We do not share in any portion of the brokerage fees and/or transaction charges imposed by custodial firms.

We recognize our duty to seek best execution for our clients. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered. Best execution is not measured solely by reference to commission rates. Qualitative factors must also be considered. We will also consider the value of research provided, execution capabilities, financial responsibility, administrative resources, and responsiveness. The fees charged by the selected service provider may be higher or lower than those charged by other firms offering similar services.

We believe that excellent customer service and trade execution available through our preferred service providers is superior to most non-service oriented and internet-based brokers that may otherwise be available to the general public. The service providers we recommend feature a broad line of products and services that may be suitable to many types of investors with varying investable assets.

In addition to the above information, the decision to recommend the preferred service providers is also based upon the level of services available to our firm, and providing such recommendation is consistent with our fiduciary duty. We also consider our experience with the service providers and the providers' reputation. While fees may vary, we have determined these firms currently offer the best overall value to our firm and our clients for the brokerage, services, and technology provided. We also recommend that you evaluate recommended service providers before opening an account.

We may receive certain added benefits for utilizing the recommended custodian such as research, the ability to deduct advisory fees from clients' custodial accounts, discounts on periodicals or materials, complimentary business and compliance newsletters, and various other non-cash services. Any general research received is used for the benefit of all clients. The value of products, research and services given if any, is negligible and not a material factor. We have no written or verbal arrangements whereby we receive soft dollars.

We may also receive, without cost to our firm, computer software and related systems support, which allow us to better monitor client accounts maintained at the preferred custodial firms. We may receive the software and related support without cost because we render investment management services to clients that maintain assets at the preferred service providers. The software and related systems support may benefit us, but not our clients directly. In fulfilling our duties to you, we endeavor at all times to put your interests first. You should be aware, however, that our receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence our choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services. Additionally, we may receive the following benefits: Receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Advisor Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

As discussed herein, certain Associated Persons in their respective individual capacities are registered representatives of J. W. Cole Financial, Inc. These Associated Persons are subject to FINRA's Rule 3040 that restricts registered representatives from conducting securities transactions away from their broker-dealer unless J. W. Cole Financial, Inc., provides written consent. Therefore, you are advised that certain Associated Persons may be restricted to conducting securities transactions through J. W. Cole Financial, Inc., unless they first secure written consent from J. W. Cole Financial, Inc., to execute securities transactions through a different broker-dealer. Absent such written consent or separation from J. W. Cole Financial, Inc., these persons are prohibited from executing securities transactions through any broker-dealer other than J. W. Cole Financial, Inc., under J. W. Cole Financial, Inc.'s internal supervisory policies.

### **Directed Brokerage**

In limited circumstances, and at our discretion, some clients may instruct our firm in writing to use one or more particular brokers to execute some or all of the transactions in their accounts. If you choose to direct our firm to use a particular broker, you will negotiate terms and arrangements for your account with the broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to aggregate trades with other client accounts (as described below at *Block Trades*). As a result, 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. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you. Subject to our duty to obtain best execution, we may decline your request to direct brokerage if, in our sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

You may choose to make self-directed securities transactions which are investments that are not reviewed and/or not recommended by us. In such cases, we will not review these investments for suitability purposes. While we may assist with client-directed implementation as a value-added service at your request, we will not manage these types of investments unless previously agreed to in writing. If you decide to self-direct these transactions, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services.

### **Block Trades**

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. However, if you have an account with a smaller dollar amount, you may bear higher charges if your account fails to meet the minimum account size set by the broker. We strive to ensure that order allocations among client accounts are made in a fair and equitable manner. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

### **Mutual Fund Share Classes**

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.

## **Item 13 Review of Accounts**

For those clients to whom we provide portfolio management services, we monitor those portfolios as part of an ongoing process to ensure the advisory services provided to you remain consistent with your stated investment needs and objectives. We provide formal account reviews on an annual basis or more often at your request. David Hays, President, and all qualified Associated Persons of our firm will conduct account reviews.

Additional reviews may be conducted based on various circumstances, including, but not limited to: significant market corrections, contributions and withdrawals; year-end tax planning; security specific events; and/or, changes in your risk/return objectives.

The portfolio review process will focus on market developments, measuring the progress toward portfolio goals, evaluation of the investment policy and asset allocation, performance measuring, returns vs. benchmarks, as well as your current financial situation (based upon information provided by you). You are encouraged to discuss your needs, goals, and objectives with our firm, and to keep us informed of any changes in this information.

You will receive transaction confirmation notices and regular summary account statements, at least quarterly, directly from the broker-dealer or custodian for your account(s). We may also provide additional performance and holdings reports at your request. Where available, such information may be accessed online.

We encourage you to reconcile our reports with those received from the qualified custodian. If you find your holdings differ between these two statements, please call our main office number located on the cover page of this brochure.

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

As disclosed under the "Fees and Compensation" section in this Brochure, persons providing investment advice on behalf of our firm may be licensed insurance agents, and registered representatives with J. W. Cole Financial, Inc., a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section.

We directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this Disclosure Brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm

will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires or a one-time, flat referral fee upon your signing an advisory agreement with our firm. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our Solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

## **Item 15 Custody**

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your account(s) causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact our firm at (812) 334-3190.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## Item 17 Voting Client Securities

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## Item 18 Financial Information

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## Item 19 Requirements for State-Registered Advisers

We are SEC registered therefore this section is not applicable.

## Item 20 Additional Information

### Privacy Policy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

The types of information we may collect during the normal course of business may include: Information provided in account applications, forms, and provided either verbally or in writing, and include but are not limited to: your name, address, phone number, account information, social security number, employment, assets, income and debt; information about your transactions, accounts, balance information; trading activity, parties to transactions; Information from other outside sources, medical and beneficiary information (relating to insurance issues), conversations between clients and Associated Persons, and any other information deemed to be nonpublic personal as defined by the Act and Regulation S-P.

We realize that providing personal information is an act of trust and we take the issue of protecting privacy seriously. We value clients' trust and confidence and will never sell nonpublic personal information obtained from consumers or clients to an outside nonaffiliated third party.

All information provided to us and information and/or advice we furnish to clients, shall be treated as confidential and shall not be disclosed to nonaffiliated third parties, except: (1) as permitted by clients through a written authorization, (2) by application to facilitate the investment advisory services we offer through an unaffiliated financial services provider, (3) to a supervising entity (such as our unaffiliated broker/dealer, J. W. Cole Financial, Inc.,) or as required by law, or (3) by any regulatory authority to which the firm or its associated persons may be subject. For example, we may be required to turn over information in order to cooperate with law enforcement authorities and/or securities regulators. We limit

access of nonpublic information to only those who require the information for the delivery of advisory or administrative services and who have been educated about and have signed an acknowledgment of our privacy policies. Our policy to protect client information will also extend beyond the termination of the client agreement.

Additionally:

- We maintain a secure office and computer environment to ensure that your information is not placed at unreasonable risk.
- We do not provide your personally identifiable information to mailing list vendors or solicitors for any purpose.
- Personally identifiable information about you will be maintained and protected during the time you are a client, and for the required time that such records are to be maintained by securities laws (5 years). Thereafter, the records will be safely destroyed via in-house shredding or a secure shredding service.

If consumers provide us with nonpublic personal information but do not become clients, we may keep this information securely on file for up to a year before shredding in-house or via a secure shredding service, depending upon the nature of the information and the likelihood of engagement.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Eric Giesler, Chief Compliance Officer, at (812) 334-3190 if you have any questions regarding this policy.

#### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.