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APS Associates Investment Management Group
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April 2020

Firm Contact:
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President & Chief Compliance Officer

This brochure provides information about the qualifications and business practices of APS Advisors, Inc. If clients have any questions about the contents of this brochure, please contact us at (209) 223- 0460. 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 our firm is also available on the SEC's website at www.adviserinfo.sec.gov by searching CRD #153504.

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

Item 2: Material Changes

APS Associates is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual amendment. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual amendment.

Since the last annual amendment filed on 03/08/2019, the following changes have been made:

- Our firm does not make fee adjustments for deposits and withdrawals for clients who are custodied with Fidelity.
- Our firm no longer utilizes Charles Schwab as a custodian.
- LPL Financial recently launched a trading platform with select exchange traded funds ("ETFs") that do not charge transaction fees. The no-transaction-fee ETF trading platform is available to clients participating in LPL Financial's Strategic Wealth Management ("SWM") and Strategic Asset Management ("SAM") programs. Since our firm pays the transaction fees charged by LPL Financial to clients participating in our wrap fee program, our firm's expenses have decreased. However, we have not reduced our wrap advisory fees to offset the reduction in our firm's expenses. We are incentivized to recommend no-transaction-fee ETFs over other types of securities in order to reduce our costs. This presents a conflict of interest because the limited number of ETFs available on the no-transaction fee platform may have higher overall expenses than other types of securities and ETFs not included in the platform. Other major custodians have eliminated transaction fees for all ETFs and U.S. listed equities, so clients may pay more for investing in the same securities at LPL Financial.
- Fidelity Brokerage Services ("Fidelity") recently eliminated transaction fees for U.S. listed equities and exchange traded funds for clients who opt into electronic delivery of statements or maintain at least \$1 million in assets at Fidelity. Since we pay the transaction fees charged by Fidelity to clients participating in our wrap fee program, our firm's expenses have decreased for qualifying clients. However, we have not reduced our wrap advisory fees to offset the reduction in our firm's expenses.
- Our firm is now registered with the SEC.
- We have retired our *non-wrap* Comprehensive Portfolio Management service offering.

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Item 4: Advisory Business

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a corporation formed in the State of California. Our firm has been in business as an investment adviser since 2010 and is 100% owned by Kevin Kraft.

Description of the Types of Advisory Services We Offer:

Comprehensive Portfolio Management Wrap Fee Program:

Comprehensive Portfolio Management services are only offered on a wrap fee basis. Please refer to our firm's Form ADV Part 2A Appendix 1 ("Wrap Fee Program Brochure") for information regarding our Comprehensive Portfolio Management Wrap Fee Program.

Pension Consulting:

We provide pension consulting services to employer plan sponsors on an ongoing basis. Generally, such pension consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education.

All pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in section 1 of the Pension Consulting Agreement).

Tailoring of Advisory Services:

We offer individualized investment advice to clients utilizing our Wrap Comprehensive Portfolio Management service. Additionally, we offer general investment advice to clients utilizing the following services offered by our firm: Pension Consulting.

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to our Wrap Comprehensive Portfolio Management service. We do not manage assets through our other services.

Participation in Wrap Fee Programs:

Our firm offers and sponsors a wrap fee program. Comprehensive Portfolio Management services are only offered through wrapped accounts, which are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. Please see our Wrap Fee Program Brochure for more information.

Regulatory Assets Under Management:

We manage \$109,145,161 on a discretionary basis and \$0 on a non-discretionary basis as of December 2019.

Item 5: Fees & Compensation

We are required to describe our brokerage, custody, fees, and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally negotiable.

Comprehensive Portfolio Management Wrap Fee Program:

Please refer to our Wrap Fee Program Brochure for information regarding our firm's fees and compensation for our Comprehensive Portfolio Management Wrap Fee Program.

Pension Consulting:

We charge on an hourly fee basis for pension consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our fees are generally \$250/hour, which may be negotiable in certain circumstances. The fee-paying arrangements for pension consulting service will be determined on a case-by-case basis and will be detailed in the signed Pension Consulting Agreement. The client will be invoiced directly for the fees.

Other Types of Fees & Expenses:

Non-Wrap Fee Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

LPL Financial offers a trading platform with select exchange traded funds ("ETFs") that do not charge transaction fees. The no-transaction-fee ETF trading platform is available to clients participating in LPL Financial's Strategic Wealth Management ("SWM") and Strategic Asset

Management ("SAM") programs. Clients will be subject to transaction fees charged by LPL Financial for ETFs not included in LPL Financial's platform and for other types of securities. The limited number of ETFs available on LPL Financial's no-transaction fee platform may have higher overall expenses than other types of securities and ETFs not included in the platform. Other major custodians have eliminated transaction fees for all ETFs and U.S. listed equities, so clients may pay more for investing in the same securities at LPL Financial.

Fidelity Brokerage Services ("Fidelity") eliminated transaction fees for U.S. listed equities and exchange traded funds for clients who opt into electronic delivery of statements or maintain at least \$1 million in assets at Fidelity. Clients who do not meet either criteria will be subject to transaction fees charged by Fidelity for U.S. listed equities and exchange traded funds.

Wrap fee clients will receive our Form ADV, Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). Wrap fee clients will not incur transaction costs for trades. More information about this is disclosed in our separate Wrap Fee Program Brochure.

Termination & Refunds:

We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

Commissionable Securities Sales:

We sell securities for a commission. In order to sell securities for a commission, our supervised persons are registered representatives of LPL Financial Corporation ("LPL Financial"), member FINRA/SIPC. Our supervised persons may accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds. You should be aware that the practice of accepting commissions for the sale of securities:

- 1) Presents a conflict of interest and gives our firm and/or our supervised persons an incentive to recommend investment products based on the compensation received, rather than on your needs. We generally address commissionable sales conflicts that arise:
 - a) by explaining to clients that commissionable securities sales creates an incentive to recommend products based on the compensation we and/or our supervised persons may earn and may not necessarily be in the best interests of the client;
 - b) when recommending commissionable mutual funds, explaining that "no-load" funds are available through our firm if the client wishes to become an investment advisory client.
- 2) In no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us.

Item 6: Performance-Based Fees & Side-By-Side Management

Our firm does not charge performance-based fees.

Item 7: Types of Clients & Account Requirements

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Corporations, limited liability companies and/or other business types.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We require a minimum account balance of \$100,000 for our Wrap Comprehensive Portfolio Management service. Generally, this minimum account balance requirement is negotiable and would be required throughout the course of the client's relationship with our firm.

Clients who opt into electronic delivery of statements or maintain at least \$1 million in assets at Fidelity will not be charged transaction fees for U.S. listed equities and exchange traded funds.

Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

Methods of Analysis:

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis: We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis: We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Investment Strategies We Use:

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-Term Purchases: When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. Typically, we employ this sub-strategy when we believe the securities to be undervalued; and/or we want exposure to a particular asset class over time, regardless of the current projection for this class. The potential risks associated with this investment strategy involve a lower than expected return, for many years in a row. Lower-than-expected returns that last for a long time and/or that are severe in nature would have the impact of dramatically lowering the ending value of your portfolio, and thus could significantly threaten your ability to meet financial goals.

Short-Term Purchases: When utilizing this strategy, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. The potential risk associated with this investment strategy is associated with the currency or exchange rate. Currency or exchange rate risk is a form of risk that arises from the change in price of one currency against another. The constant fluctuations in the foreign currency in which an investment is denominated vis-à-vis one's home currency may add risk to the value of a security. Currency risk is greater for shorter term investments, which do not have time to level off like longer term foreign investments.

Trading: We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings. Trading involves risk that may not be suitable for every investor, and may involve a high volume of trading activity. Each trade generates a commission and the total daily commission on such a high volume of trading can be considerable. Active trading accounts should be considered speculative in nature with the objective being to generate short-term profits. This activity may result in the loss of more than 100% of an investment.

Risk of Loss:

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

Description of Material, Significant or Unusual Risks:

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to Wrap Comprehensive Portfolio Management service, as applicable.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities & Affiliations

Mr. Kraft and Mr. Shortridge are registered representatives of LPL Financial, LLC, member FINRA/SIPC. They may offer products and receive normal and customary commissions as a result of these transactions. A conflict of interest may arise as these commissionable securities sales may create an incentive to recommend products based on the compensation they may earn.

As discussed previously, certain associated persons of our firm are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about our clients, even if a client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact Kevin Kraft, Chief Compliance Officer at (209) 223- 0460.

Mr. Kraft and Mr. Shortridge are licensed insurance agents with various insurance companies/agencies. They may offer insurance products and receive normal and customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client.

Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

An investment adviser is considered a fiduciary and our firm has a fiduciary duty to all clients. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading

and Personal Securities Transactions Policies and Procedures. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts¹. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics.

Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest. Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons' accounts will be traded in the same manner every time.

Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics.

Item 12: Brokerage Practices

Selecting a Brokerage Firm:

Our firm does not maintain custody of client assets. Client assets must be maintained by a qualified custodian. Our firm seeks to recommend a custodian who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. The factors considered, among others, are these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided

¹ For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

With this in consideration, our firm has an arrangement with LPL Financial, National Financial Services LLC and Fidelity Brokerage Services LLC. ("Qualified Custodians"), qualified custodians from whom our firm is independently owned and operated. Qualified Custodians offers services to independent investment advisers which includes custody of securities, trade execution, clearance and settlement of transactions. Qualified Custodians enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Qualified Custodians does not charge client accounts separately for custodial services. Client accounts will be charged transaction fees, commissions or other fees on trades that are executed or settle into the client's custodial account. Transaction fees are negotiated with Qualified Custodians and are generally discounted from customary retail commission rates. This benefits clients because the overall fee paid is often lower than would be otherwise.

Qualified Custodians may make certain research and brokerage services available at no additional cost to our firm. Research products and services provided by Qualified Custodians may include: research reports on recommendations or other information about particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Qualified Custodians to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934.

Qualified Custodians does not make client brokerage commissions generated by client transactions available for our firm's use. The aforementioned research and brokerage services are used by our firm to manage accounts for which our firm has investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As part of our fiduciary duty to our clients, our firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of Qualified Custodians as a custodial recommendation. Our firm

examined this potential conflict of interest when our firm chose to recommend Qualified Custodians and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Our non-wrap fee clients may pay a transaction fee or commission to Qualified Custodians that is higher than another qualified broker dealer might charge to effect the same transaction where our firm determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services provided to the client as a whole.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions.

LPL Financial, LLC:

LPL makes available to our firm various products and services designed to assist our firm in managing and administering client accounts. Many of these products and services may be used to service all or a substantial number of accounts, including accounts not held with LPL. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and aggregation and allocation of trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of our firm's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting.

LPL also makes available to our firm other services intended to help manage and further develop our business. Some of these services assist our firm to better monitor and service program accounts maintained at LPL. Many of these services, however, benefit only our firm. These support services and/or products may be provided without cost, at a discount, and/or at a negotiated rate, and include practice management-related publications; consulting services; attendance at conferences and seminars, meetings, and other educational and/or social events; marketing support; and other products and services used by our firm in furtherance of the operation and development of its investment advisory business.

Where such services are provided by a third party vendor, LPL will either make a payment to our firm to cover the cost of such services, reimburse our firm for the cost associated with the services, or pay the third party vendor directly on behalf of our firm.

The products and services described above are provided to our firm as part of its overall relationship with LPL. While as a fiduciary, our firm endeavors to act in its clients' best interests, the receipt of these benefits creates a conflict of interest because our firm's requirement that Clients custody their assets at LPL is based in part on the benefit to our firm of the availability of

the foregoing products and services and not solely on the nature, cost or quality of custody or brokerage services provided by LPL. Our firm's receipt of some of these benefits may be based on the amount of advisory assets custodied on the LPL platform.

Soft Dollars:

Our firm does not receive soft dollars in excess of what is allowed by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor research products and services obtained by our firm will generally be used to service all of our clients but not necessarily all at any one particular time.

Brokerage for Client Referrals:

Our firm does not receive brokerage for client referrals.

Directed Brokerage:

Neither our firm nor any of our firm's representatives have discretionary authority in making the determination of the brokers-dealers and/or custodians with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Our firm routinely recommends/requests/requires that clients direct us to execute through a specified broker-dealer. Our firm recommends the use of Qualified Custodians. Each client will be required to establish their account(s) with Qualified Custodians if not already done. Please note that not all advisers have this requirement.

Client-Directed Brokerage:

Our firm does not allow client-directed brokerage outside our recommendations.

Aggregation of Purchase or Sale:

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Item 13: Review of Accounts or Financial Plans

We review accounts on at least a quarterly basis for our clients subscribing to the Wrap Comprehensive Portfolio Management service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients who subscribe to our Wrap Comprehensive Portfolio Management service. Only our Financial Advisors will conduct reviews.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Pension consulting clients receive reviews of their pension plans for the duration of the pension consulting service. We also provide ongoing services to pension consulting clients where we meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Pension Consulting clients do not receive written or verbal updated reports regarding their pension plans unless they choose to contract with us for ongoing Pension Consulting services.

Item 14: Client Referrals & Other Compensation

LPL Financial, LLC:

Investment or Brokerage Discretion: We provide discretionary portfolio management services where the investment advice provided is custom tailored to meet the needs and investment objectives of each client. Accordingly, we are authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased/sold and the amount of securities to be purchased/sold. We do not have discretionary authority over the broker or dealer to be used.

Suggestion of Brokers to Clients: We shall recommend LPL. LPL is the broker-dealer and investment adviser with which our representatives are also associated. As a result of the individual association of our representatives with LPL, we are generally required to utilize the brokerage/custodial services of LPL for investment advisory accounts. Our general policies relative to the execution of client securities brokerage transactions are as follows:

Execution of Brokerage Transactions (when applicable): If requested, we will arrange for the execution of securities brokerage transactions for the account through broker-dealers that we reasonably believe will provide "best execution". In seeking "best execution", the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. We also take into consideration the full range of a broker-dealer's

services including execution capability, commission rates, and responsiveness. Although we will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions.

Over-the-Counter (OTC) securities transactions for our clients are generally effected based on two (2) separate broker-dealers: (1) a "dealer" or "principal" acting as market-maker; and (2) the executing broker-dealer that acts in an agency capacity for the client's account. Dealers executing principal transactions typically include a mark-up/down, which is included in the offer or bid price of the securities purchased or sold. In addition to the dealer mark-up/down, the client may also incur the transaction fee imposed by the executing broker-dealer. We do not receive any portion of the dealer mark-up/down or the executing broker-dealer transaction fee. Transactions for each client account 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 or "batch" such orders to obtain "best execution", to negotiate more favorable commission rates, to allocate fairly among the clients' differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent that we determine to aggregate client orders for the purchase or sale of securities, including securities in which our principals) and/or associated persons) may invest, we shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital, Inc. We shall not receive any additional compensation or remuneration as a result of the aggregation. When referring clients to dealers, we will only refer clients to dealers registered in states where the clients reside.

Additional Compensation: We may receive from LPL or a mutual fund company, without cost and/or at a discount support services and/or products, to assist us to better monitor and service client accounts maintained at such institutions. Included within the support services we may receive investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by us to assist us in our investment advisory business operations. Our firm has received from LPL Financial upfront transition payments in order to assist with transitioning business onto the LPL Financial custodial platform. These funds may be used, but not necessarily limited to, offsetting things like ACAT fees, administrative salaries, technology set-up fees, marketing and mailing costs, stationery and licensure transfer fees. In order to mitigate this conflict of interest our firm recommends LPL when it is in the client's best interest to do so based on the quality and priced of execution and other services provided by LPL.

Our clients do not pay more for investment transactions effected and/or assets maintained at LPL as result of this arrangement. There is no commitment made by us to LPL or any other institution as a result of the above arrangement.

Referral Fees:

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

Item 15: Custody

Deduction of Advisory Fees:

While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under "Third Party Money Movement." All our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

Third Party Money Movement:

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian, LPL:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.

- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Please note it is LPL's view that our RIA partners do not have custody because they do not have discretion as to time, amount, payee. The client's qualified custodian performs the appropriate verification of the instruction, such as signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.

Item 16: Investment Discretion

Clients provide our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, we are authorized to execute securities transactions, which securities are bought and sold, and the total amount to be bought and sold. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

Item 17: Voting Client Securities

We do not accept proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Item 18: Financial Information

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- We have never been the subject of a bankruptcy proceeding.