

**FORM ADV PART 2A**  
**DISCLOSURE BROCHURE**



**December 9, 2020**

**Office Address:**

3500 John F. Kennedy Pkwy, Suite 300  
Fort Collins, CO 80525

**Tel:** 970-672-1236

**Fax:** 970-672-1236

**Email:** Adam@navwm.com

**Web:** NAVWM.com

This brochure provides information about the qualifications and business practices of Navigation Wealth Management, Inc. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 970-672-1236. 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 Navigation Wealth Management, Inc. (CRD#282640) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **Item 2: Material Changes**

### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

### **Material Changes since the Last Update**

Since the last filing of this brochure on September 10, 2020 the following changes have been made:

- The fee schedule has been updated in Item 5.

### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 970-672-1236 or by email at [Adam@navwm.com](mailto:Adam@navwm.com).

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## Item 4: Advisory Business

### Firm Description

Navigation Wealth Management, Inc. dba Navigation Wealth Management ("Navigation") was founded and registered as an investment advisor in 2016. Adam E. Brunin is 100% owner.

### Types of Advisory Services

#### ASSET MANAGEMENT

Navigation offers discretionary asset management services to advisory Clients. Navigation will offer Clients ongoing asset management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The Client will authorize Navigation discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

#### VARIABLE ANNUITY AND LIFE MANAGEMENT

Navigation offers discretionary direct asset management services to advisory Clients on their variable annuities and variable life products. Navigation will work with individuals to assemble an appropriate portfolio of investment options as provided through the insurance company that services variable annuity investment. The accounts will be monitored on an annual basis.

#### FINANCIAL PLANNING AND CONSULTING

Navigation offers planning services to all clients. The services cover all areas of financial planning from risk management to college planning to estate conservation. Navigation specializes in helping our clients develop a comprehensive and cohesive financial strategy that fits their unique needs and enables them to meet both short and long term objectives. The client always has the right to decide whether or not to act upon the investment advisor's recommendations. If the client elects to act on any of the recommendations, the client may effect the transaction through any advisor of their choice.

#### QUALIFIED PLAN SERVICES

Navigation offers qualified plan services to individuals. Navigation will meet with the client for information gathering. Navigation will make investment recommendations to the client based on the investment options available and the client's financial objectives in a face to face meeting. Navigation will review the investment options available within the plan and make trades in qualified accounts utilizing an advisor log on.

#### ERISA PLAN SERVICES

Navigation provides service to qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit sharing plans, cash balance plans, and deferred compensation plans. Navigation may act as either a 3(21) or 3(38) advisor:

**Limited Scope ERISA 3(21) Fiduciary.** Navigation may serve as a limited scope ERISA 3(21) fiduciary that can advise, help and assist plan sponsors with their investment decisions on a non-discretionary basis. As an investment advisor Navigation has a fiduciary duty to act in the best interest of the Client. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using Navigation can help the plan sponsor delegate liability by following a diligent process.

#### 1. Fiduciary Services are:

- Provide non-discretionary investment advice to the Client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and

objectives. Client will make the final decision regarding the initial selection, retention, removal and addition of investment options. Navigation acknowledges that it is a fiduciary as defined in ERISA section 3 (21) (A) (ii).

- Assist the Client in the development of an investment policy statement (“IPS”). The IPS establishes the investment policies and objectives for the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the IPS.
- Provide non-discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5) and 404(a)-5.
- Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove or replace investment options.
- Meet with Client on a periodic basis to discuss the reports and the investment recommendations.

2. Non-fiduciary Services are:

- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands Navigation’s assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor’s definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, Navigation is not providing fiduciary advice as defined by ERISA 3(21)(A)(ii) to the Plan participants. Advisor will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

Navigation may provide these services or, alternatively, may arrange for the Plan’s other providers to offer these services, as agreed upon between Advisor and Client.

3. Navigation has no responsibility to provide services related to the following types of assets (“Excluded Assets”):

- Employer securities;
- Real estate (except for real estate funds or publicly traded REITs);
- Stock brokerage accounts or mutual fund windows;
- Participant loans;
- Non-publicly traded partnership interests;
- Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
- Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in calculation of Fees paid to Navigation on the ERISA Agreement. Specific services will be outlined in detail to each plan in the 408(b)2 disclosure.

**ERISA 3(38) Investment Manager.** Navigation can also act as an ERISA 3(38) Investment Manager in which it has discretionary management and control of a given retirement plan's assets. Navigation would then become solely responsible and liable for the selection, monitoring and replacement of the plan's investment options.

1. Fiduciary Services are:

- Navigation has discretionary authority and will make the final decision regarding the initial selection, retention, removal and addition of investment options in accordance with the Plan's investment policies and objectives.
- Assist the Client with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.
- Assist the Client in the development of an investment policy statement ("IPS"). The IPS establishes the investment policies and objectives for the Plan.
- Provide discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5).

2. Non-fiduciary Services are:

- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands the Navigation's assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, the Navigation is not providing fiduciary advice as defined by ERISA to the Plan participants. Navigation will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

Navigation may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between Navigation and Client.

3. Navigation has no responsibility to provide services related to the following types of assets ("Excluded Assets"):

- Employer securities;
- Real estate (except for real estate funds or publicly traded REITs);
- Stock brokerage accounts or mutual fund windows;
- Participant loans;
- Non-publicly traded partnership interests;
- Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
- Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in calculation of Fees paid to the Adviser on the ERISA Agreement. Specific services will be outlined in detail to each plan in the 408(b)2 disclosure.

## SEMINARS AND WORKSHOPS

Navigation holds seminars and workshops to educate clients and prospects on different types of investments and the different services they offer. The seminars are educational in nature and no specific investment or tax advice is given. There will be no fee imposed for attendance to these seminars or workshops.

### **Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each client are documented in our client files. Investment strategies are created by Navigation that reflect the stated goals and objectives of the client. These strategies could include the use of multiple fund families. Clients may impose restrictions in writing on the investment advisory agreement on investing in certain securities or types of securities that could limit the selection of particular mutual funds.

Agreements may not be assigned without prior written client consent.

### **Client Assets under Management**

As of August 26, 2020, Navigation has \$100,892,398 in client assets under management on a discretionary basis and zero non-discretionary assets under management.

## **Item 5: Fees and Compensation**

### **Method of Compensation and Fee Schedule**

#### ASSET MANAGEMENT

Navigation offers discretionary direct asset management services to advisory Clients. Navigation charges an annual investment advisory fee based on the total assets under management as follows:

Assets Under Management	NWM Annual Fee	TD Ameritrade Fee*	Total Annual Fee
\$0-\$50,000	1.63%	0.22%	1.85%
\$50,000.01-\$100,000	1.48%	0.22%	1.70%
\$100,001-\$250,000	1.38%	0.22%	1.60%
\$250,001-\$500,000	1.23%	0.22%	1.45%
\$500,001-\$750,000	1.03%	0.22%	1.25%
\$750,001-\$1,000,000	0.93%	0.22%	1.15%
\$1,000,001 - \$5,000,000	0.68%	0.22%	0.90%
\$5,000,001 +	0.66%	0.22%	0.88%

This is a breakpoint fee schedule, the entire portfolio is charged the same asset management fee. For example, a Client with \$750,000 under management would pay \$7,725 on an annual basis.  $\$750,000 \times 1.03\% = \$7,725$ .

The fees are charged monthly in arrears and are based on the average daily account balance for that month. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation and without penalty. Clients may terminate advisory services with thirty (30) days written notice. For accounts opened or closed mid-billing period, any unpaid earned fees will be due to Navigation. Client shall be given thirty (30) days prior written notice of any increase in fees. Any increase in fees will be acknowledged in writing by both parties before any increase in said fees occurs.

\*In lieu of transaction-based fees, accounts are subject to an additional asset-based fee (ABF) of 22 basis points or .22% annually. TD Ameritrade, in its sole discretion, determines the Annual

Percentage Rate that applies to each Asset Range in the Account. If account is invested in fee-free securities on the TD Ameritrade platform, this fee will be waived.

#### VARIABLE ANNUITY AND LIFE MANAGEMENT

The fees for these services will be based on a percentage of Assets Under Management as follows:

Assets Under Management	NWM Annual Fee
\$0-\$50,000	1.63%
\$50,000.01-\$100,000	1.48%
\$100,001-\$250,000	1.38%
\$250,001-\$500,000	1.23%
\$500,001-\$750,000	1.03%
\$750,001-\$1,000,000	0.93%
\$1,000,001 - \$5,000,000	0.68%
\$5,000,001 +	0.66%

Fees will be disclosed prior to Client signing the Investment Advisory Agreement.

The fees are charged monthly in arrears and are based on the average daily account balance for that month. Monthly advisory fees will be paid in the following ways:

- Deduct from another non-qualified Client's account held with Navigation
- Deduct from another qualified account if eligible, i.e. over 59 ½
- Direct billing to the Client payable within 10 days of invoice presentation
- Deduct from Client's annuity account

Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation and without penalty. Clients may terminate advisory services with thirty (30) days written notice. Client will be entitled to a pro rata refund for the days service was not provided in the final billing period. Client shall be given thirty (30) days prior written notice of any increase in fees, and Client will acknowledge, in writing, any agreement of increase in said fees.

#### FINANCIAL PLANNING

Financial plans are priced according to the degree of complexity associated with the client's situation. Prior to the planning process the client is provided an estimated plan fee. Client will pay half of the estimated fee at the signing of the agreement with the balance due upon delivery of the completed plan. Navigation reserves the right to waive the financial planning fee if the plan is implemented with Navigation. Financial plans will be completed and delivered inside of sixty (60) days dependent upon timely client delivery of required documentation.

Client may cancel services at any time during the planning process for a full refund.

##### HOURLY FEES

Financial Planning Services are offered based on a negotiable hourly rate of \$225 per hour.

##### FIXED FEES

Financial Planning Services are offered based on a negotiable flat fee of \$2,000, based on the complexity of the plan and the client's needs.

#### QUALIFIED PLAN SERVICES

Qualified plan services are priced according to the degree of complexity associated with the client's situation. Prior to services being conducted the client is provided an estimated fee.



Client will pay half of the fee at the signing of the agreement with the balance upon delivery of the recommendations and placing trades in client's account. Services are completed and delivered inside of sixty (60) days dependent upon timely client delivery of required documentation.

Client may cancel services at any time during the consultation process for a full refund.

#### HOURLY FEES

Qualified Plan Services are offered based on a negotiable hourly rate of \$225 per hour.

#### FIXED FEES

Qualified Plan Services are offered based on a negotiable flat fee of \$2,000, based on the complexity of the plan and the client's needs.

#### ERISA PLAN SERVICES

The annual fees are based on the market value of the Included Assets and will not exceed 1%. The annual fee is negotiable and may be charged as a percentage of the Included Assets or as a flat fee. Fees may be charged quarterly or monthly in arrears or in advance based on the assets as calculated by the custodian or record keeper of the Included Assets (without adjustments for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distribution of assets). If the services to be provided start any time other than the first day of a quarter or month, the fee will be prorated based on the number of days remaining in the quarter or month. If this Agreement is terminated prior to the end of the billing cycle, Navigation shall be entitled to a prorated fee based on the number of days during the fee period services were provided or Client will be due a prorated refund of fees for days services were not provided in the billing cycle.

The fee schedule, which includes compensation of Navigation for the services is described in detail in Schedule A of the ERISA Plan Agreement. The Plan is obligated to pay the fees, however the Plan Sponsor may elect to pay the fees. Client may elect to be billed directly or have fees deducted from Plan Assets. Navigation does not reasonably expect to receive any additional compensation, directly or indirectly, for its services under this Agreement. If additional compensation is received, Navigation will disclose this compensation, the services rendered, and the payer of compensation. Navigation will offset the compensation against the fees agreed upon under this Agreement.

#### **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities and exchange-traded funds. These charges may include Mutual Fund transactions fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self regulatory organizations). These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

For more details on the brokerage practices, see Item 12 of this brochure.

#### **External Compensation for the Sale of Securities to Clients**

Navigation does not receive any external compensation for the sale of securities to clients, nor do any of the investment advisor representatives of Navigation.

#### **Prepayment of Client Fees**

Fees for ERISA 3(21) and/or 3(38) services may be billed in advance.

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

### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

## **Item 7: Types of Clients**

### **Description**

Navigation generally provides investment advice primarily to individuals and high net worth individuals. Client relationships vary in scope and length of service.

### **Account Minimums**

Navigation does not require a minimum to open an account.

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

### **Methods of Analysis**

Navigation uses a combination of fundamental, technical and charting analysis when either managing a client's current assets or evaluating investments for inclusion in a client's portfolio. Other strategists on the TD Ameritrade platform may use other methods of analysis to determine the proper strategy for the client referred. Whether assets are managed by Navigation or a strategist on the TD Ameritrade platform, investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis involves evaluating a stock using real data such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth. Technical or Chart analysis involves evaluating securities based on past prices and volume.

When creating a financial plan, Navigation analyzes to provide a review of insurance policies for economic value and income replacement. Technical or Charting analysis is used to review ETFs, mutual funds and individual stocks.

The main sources of information utilized by Navigation include but are not limited to Morningstar and client documents such as tax returns and insurance policies.

### **Investment Strategy**

Each client completes an initial review questionnaire that documents their objectives, assets and desired investment strategy. The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Other strategies may include long-term purchases and short-term purchases.

### **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical or charting analysis are inflation risk, reinvestment risk, and market risk.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with Navigation:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- *Long-term purchases:* Long-term investments are those vehicles purchased with the intention of being held for more than one year. Typically, the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.
- *Short-term purchases:* Short-term investments are typically held for one year or less. Generally, there is not a high expectation for a return or an increase in value. Typically, short-term investments are purchased for the relatively greater degree of principal protection they are designed to provide. Short-term investment vehicles may be subject to purchasing power risk — the risk that your investment's return will not keep up with inflation.
- *Variable Annuity Risk:* 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 are 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.

## **Item 9: Disciplinary Information**

### **Criminal or Civil Actions**

The firm and its management have not been involved in any criminal or civil action.

### **Administrative Enforcement Proceedings**

The firm and its management have not been involved in any administrative enforcement proceedings.

### **Self Regulatory Organization Enforcement Proceedings**

The firm and its management have not been involved in any legal or disciplinary events related to past or present investment clients.

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

### **Broker-Dealer or Representative Registration**

Navigation has no employees that are registered representatives of a broker-dealer.

### **Futures or Commodity Registration**

Neither Navigation nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

President Adam Brunin has a financial industry affiliated business as a licensed insurance agent. From time to time, he will offer clients advice or products from those activities. Less than 20% of his time is spent on the sale of insurance products.

These practices represent conflicts of interest because it gives an incentive to recommend products based on the commission amount received rather than on the client's needs. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation to place the best interest of the client first and will act in accordance with those responsibilities. Clients have the right to purchase these products through another insurance agent of their choosing.

### **Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

There are no material relationships to report.

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

### **Code of Ethics Description**

The employees of Navigation have committed to a Code of Ethics (Code). The purpose of Navigation's Code is to set forth standards of conduct expected of Navigation employees and addresses conflicts that arise. The Code defines acceptable behavior for employees of Navigation. The Code reflects Navigation and its supervised persons' responsibility to act in the best interest of their client.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients. The client's best interest will be the highest priority.

Navigation's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of Navigation may engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

Navigation's Code is based on the guiding principle that the interests of the client are our top priority. Navigation's officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform and uphold that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company. The client's best interests will be served in every case.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' securities, or non-public information regarding the portfolio holdings of any reportable fund.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

### **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

Navigation and its employees do not recommend to clients securities in which we have a material financial interest.

### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Navigation and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest, employees are required to disclose all reportable securities transactions as well as provide Navigation with copies of their brokerage statements.

The Chief Compliance Officer of Navigation is Adam E. Brunin. He reviews all employee trades each quarter. The personal trading review and subsequent follow-up regarding any inappropriate trades helps assure that the personal trading of employees does not affect the markets. Trades that otherwise disadvantage the client will not be allowed.

## **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Navigation does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist in this area. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest employees are required to disclose all reportable securities transactions as well as provide Navigation with copies of their brokerage statements. The personal trading review and subsequent follow-up regarding any inappropriate trades helps assure that the personal trading of employees does not affect the markets. The Chief Compliance Officer of Navigation is Adam E. Brunin. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that employees of the firm do not receive preferential treatment over client transactions.

## **Item 12: Brokerage Practices**

### **Factors Used to Select Broker-Dealers for Client Transactions**

Navigation may recommend the use of a particular broker-dealer such as TD Ameritrade Institutional is a Division of TD Ameritrade, Inc., Member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member or may utilize a broker-dealer of the client's choosing. Navigation will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. Navigation relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by Navigation.

Navigation participates in the TD Ameritrade Institutional program. TD Ameritrade is an independent SEC-registered broker-dealer and is not affiliated with Navigation. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Navigation receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14)

- *Directed Brokerage*  
Navigation does not allow directed brokerage accounts.
- *Best Execution*  
Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.
- *Soft Dollar Arrangements*  
The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services are obtained by Navigation from or through a broker-dealer in exchange for directing Client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of

1934, Navigation receives economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts of Navigation. These benefits include both proprietary research from the broker and other research written by third parties.

A conflict of interest exists when Navigation receives soft dollars. This conflict is mitigated by the fact that Navigation has a fiduciary responsibility to act in the best interest of its Clients and the services received are beneficial to all Clients.

Navigation utilizes the services of custodial broker dealers. Economic benefits are received by Navigation which would not be received if Navigation did not give investment advice to Clients. These benefits include: A dedicated trading desk, a dedicated service group and an account services manager dedicated to Navigation's accounts, ability to conduct "block" Client trades, electronic download of trades, balances and positions, duplicate and batched Client statements, and the ability to have advisory fees directly deducted from Client accounts.

### **Aggregating Securities Transactions for Client Accounts**

Navigation is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of Navigation. All Clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

## **Item 13: Review of Accounts**

### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by Adam E. Brunin, Chief Compliance Officer. Mr. Brunin will review accounts for such things as:

- client objectives are in line with the investments;
- securities held in the accounts are performing to Navigation and client's expectations; and
- asset allocation is balanced in the correct proportion with the strategy.

Account reviews are performed more frequently when market conditions dictate.

### **Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new financial market information, and changes in a client's own situation.

### **Content and Frequency of Reports Provided to Client**

Clients receive written account statements no less than monthly for managed accounts. Account statements are issued by Navigation's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.

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

### **Economic benefits provided to the Advisory Firm from External Sources and Conflicts of Interest**

As disclosed under Item 12 above, Navigation participates in TD Ameritrade's institutional customer program and Navigation may recommend TD Ameritrade to Clients for custody and

brokerage services. There is no direct link between Navigation's participation in the program and the investment advice it gives to its Clients, although Navigation receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Navigation participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Navigation by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by Navigation's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Navigation but may not benefit its Client accounts. These products or services may assist Navigation in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Navigation manage and further develop its business enterprise. The benefits received by Navigation or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Navigation endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Navigation or its related persons in and of itself creates a conflict of interest and may indirectly influence the Navigation's choice of TD Ameritrade for custody and brokerage services.

#### **Advisory Firm Payments for Client Referrals**

Navigation does not compensate for client referrals.

### **Item 15: Custody**

#### **Account Statements**

All assets are held at a qualified custodian, the custodians provide account statements directly to clients at their address of record at least quarterly.

Navigation is deemed to have constructive custody solely because advisory fees are directly deducted from clients' accounts by the custodian on behalf of Navigation.

When advisory fees are deducted from the account by the custodian:

- Navigation has obtained written authorization signed by the client allowing the fees to be deducted; and
- The client receives monthly statements directly from the custodian which disclose the fees deducted.

Navigation is also deemed to have custody due to its Third-Party Standing Letters of Authorization ("SLOA"). These types of arrangements are not available for Arizona clients.

Navigation and its qualified custodian meet the following seven (7) conditions in order to avoid maintaining full custody and be subject to the surprise exam requirement:



1. 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.
2. The Client authorizes Navigation, 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.
3. 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.
4. The Client has the ability to terminate or change the instruction to the Client's qualified custodian.
5. Navigation 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.
6. Navigation maintains records showing that the third party is not a related party nor located at the same address as Navigation.
7. The Client's qualified custodian sends the Client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## **Item 16: Investment Discretion**

### **Discretionary Authority for Trading**

Navigation requires discretionary authority to manage securities accounts on behalf of clients. Navigation has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. Navigation will allow clients to place restrictions or limitations on accounts. These restrictions or limitations will be discussed during the initial meeting and will be recorded in the client file. The client will authorize Navigation discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

The client approves the custodian to be used and the commission rates paid to the custodian. Navigation does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

## **Item 17: Voting Client Securities**

### **Proxy Votes**

Navigation does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, Navigation will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

## **Item 18: Financial Information**

### **Balance Sheet**

A balance sheet is not required to be provided because Navigation does not serve as a custodian for client funds or securities and Navigation does not require prepayment of fees of more than \$1,200 per client and six months or more in advance.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Navigation has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

### **Bankruptcy Petitions during the Past Ten Years**

Navigation and its affiliates have no bankruptcies.