



# SECURE INVESTMENT MANAGEMENT

## Item 1: Cover Page

### DISCLOSURE BROCHURE (Form ADV Part 2A)

March 27, 2020

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This brochure provides information about the qualifications and business practices of Secure Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at (888) 802-0427. 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. Secure Investment Management is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. Additional information about Secure Investment Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or by state securities authorities.

## Item 2: Material Changes

Since the last annual amendment filing on March 30, 2019, there have been the following changes.

- The SIM/Specialized Co-advisory Agreement was terminated in October of 2019.
- On August 26, 2019, SIM entered into an Administrative Service Agreement with Harbour Investments.
- The reference to the Private Placement offered by J.D. Mellberg Financial, LLC, an affiliate of SIM (Section 10, Other Financial Industry Activities and Affiliations) has been removed since the investment is no longer offered.

Our brochure may be requested, at no cost, by contacting Dan Morgan, Chief Compliance Officer, at (888) 802-0427, or via e-mail at [Dmorgan@secureinvestmentmanagement.com](mailto:Dmorgan@secureinvestmentmanagement.com).

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## Item 4: Advisory Business

Secure Investment Management, LLC (“SIM” or the “Firm”) is a limited liability company formed in 2012 in the State of Arizona. Prior to reorganizing as SIM, Secure Investment Management operated under the name Joshua David Mellberg, LLC since its inception as a registered investment adviser in August, 2006. SIM is owned by Joshua D. Mellberg.

SIM offers a variety of investment advisory services, consulting, and investment management services, to individuals, business entities, trusts and estates. SIM provides investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment advisor representative will ascertain each client’s investment objective(s). Thereafter, SIM shall allocate or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client can impose reasonable restrictions on SIM’s services at any time. SIM also acts as an Advisor and Fund Manager to the Secure Investment Management Funds (“SIM Funds”).

As of December 31, 2019, Secure Investment Management had \$86,208,148 in assets under management on a discretionary basis and \$0 in assets under management on a nondiscretionary basis.

As a registered investment adviser subject to Section 206 of the Advisers Act, SIM acts as a fiduciary related to the conduct of its investment advisory services. As such, SIM has an obligation to act in the best interest of its clients, guided by the core fiduciary duties of loyalty and care.

### Investment Advisory Services

The client can engage SIM to provide discretionary and/or non-discretionary investment advisory services on a non-wrap fee basis.

SIM manages the investment accounts of its clients in accordance with the objectives and any restrictions established by each client, by developing an investment policy statement or an asset allocation plan. SIM will direct, at its sole discretion, the investment and reinvestment of the assets in client accounts. The firm’s philosophy centers on long-term investing and the use of the analysis of past performance and scientific evidence of various asset classes to build diversified, low cost, passive and active-passive portfolios. Investment portfolios will be tailored to the individual needs and desires of each client. SIM currently creates portfolios utilizing open-end mutual funds created and managed by Dimensional Fund Advisors (DFA)(the “SIM Managed Models”). All DFA funds are low-cost, no-load, institutional asset-class funds. DFA is only available to institutional investors or through approved investment advisors. SIM is approved to use DFA funds. SIM does not receive any compensation from DFA.

### SIM Funds

SIM manages a number of registered investment companies (mutual funds) (the “SIM Funds”). Each SIM Fund we manage is a “fund of funds” that invests primarily in shares of other mutual funds and Exchange Traded Funds (“ETFs”). The SIM Funds are designed to target specified percentages of

certain asset classes in each SIM Fund's applicable investment category to seek long term capital appreciation while reducing volatility.

### **Transferring from the SIM Asset Management Platform to the SIM Fund Platform**

SIM Clients that executed an Investment Advisory Agreement prior to December 2018 must execute a new Client Agreement to invest in the SIM Funds. In addition to updating the Clients' Investment Objective, the new client Investment Advisory Agreement discloses the conflict of interest relative to SIM's management of the SIM Funds and the Investment Management fee SIM receives for serving as investment manager of the SIM Funds. SIM also receives a .25% administrative service fee from the SIM Funds. SIM Clients are also required to execute a special Client Disclosure Form acknowledging the conflict of interest and the management fee received by SIM.

Clients that wish to invest in SIM Funds enter into a tri-party agreement with us and a co-adviser. Under these agreements, SIM is the only discretionary adviser to your account. We are granted discretionary authority to invest Client assets in the SIM Funds based on Client responses to the Questionnaire and to use temporary cash sweep vehicles as appropriate. The co-advisers serve as nondiscretionary advisers to the Clients they refer to us. The tri-party agreement covers the relationship by and among SIM, the co-adviser and you. Since many co-advisers are state registered and subject to the investment adviser laws of their state of registration, some Clients are required to execute an addendum to the standard tri-party agreement. The various state addenda contain language required by the relevant state regulator and are generally intended to clarify or maintain certain Client rights under applicable state law. Co-advisers assist Clients in completing the Questionnaire and answer Clients' portfolio and asset management questions as they arise.

### **REITs**

SIM can provide advice regarding real estate investment trusts (REITs) and real estate partnerships. Some of the REITs that are the subject of SIM's advisory services are not publicly traded. In other words, the lack of an active secondary market for the sale of such REITs can limit a client's ability to dispose of such investments in a timely manner and/or at an advantageous price. Consequently, a client should exercise caution to avoid over- concentration of their assets in these illiquid investments.

In order for a REIT to be purchased in a SIM advisory account, the REIT distributor needs to provide advisory-class pricing for their products through a custodian. Generally, this means that the REIT distributor allows purchases at a price that "waives" the sales charge, or "load", thus allowing SIM to include the product in the comprehensive billing that is already established for the client's account. REITs purchased on a commission basis from a SIM representative in their individual capacity as a broker-dealer registered representative are not subject to an advisory fee.

It is likely the price of a REIT listed on your account statement provided by a custodian only reflects the original purchase price and does not reflect any price or value from a secondary market, a repurchase offered by the sponsor or the book value. It is possible that the actual value of the REIT on a secondary market or through a repurchase by a sponsor is significantly higher or lower than the original purchase price shown on the account statement provided by the custodian.

To the extent that an alternative investment such as a non-traded REIT is included in your program, the alternative investment may be subject to an asset management fee by SIM, which will be based upon the current valuation set by the product sponsor, as reflected on the custodian's account statement. Due to the fact that certain alternative investments, such as non-traded REITs, are illiquid, the value is not easily or readily ascertainable or reported. As a result, we believe the value shown on the account statement provided by the custodian is the most reliable method for determining the present value of the investment.

### **IRA Rollovers**

The Firm may provide, as part of its investment advisory services, recommendations for clients to withdraw the assets from an employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that the Firm will manage. If a client elects to roll the assets to an IRA that is subject to the Firm's management, the Firm will charge an asset-based fee as set forth in the agreement between the client and the Firm. This practice presents a potential conflict of interest because persons providing investment advice on the Firm's behalf have an incentive to recommend a rollover to a client for the purpose of generating fee-based compensation rather than solely based on the client's needs. Clients are under no obligation to complete the rollover. Moreover, if the client decides to complete the rollover, that client is under no obligation to have the assets in an IRA managed by the Firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, clients should consider the costs and benefits of each option.

An employee will typically have four options:

1. Leaving the funds in the employer's (former employer's) plan;
2. Moving the funds to a new employer's retirement plan;
3. Cashing out and taking a taxable distribution from the plan; or
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change the Firm encourages clients to speak with their CPA and/or tax attorney.

Clients who are considering transfer retirement funds to an IRA for the Firm to manage should consider the following:

1. Determine whether the investment options in the employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than the Firm's fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.

- b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. The Firm's strategy may have higher risk than the option(s) provided to you in your plan.
4. Whether your current plan also offers financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time. However, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and when deciding whether a rollover is best for you. If you have questions contact your investment advisor representative, or call our main number as listed on the cover page of this brochure.

### **Miscellaneous Advisory Services Disclosure**

If requested by the client, SIM can recommend the services of other professionals for certain implementation purposes (i.e. attorneys, accountants, insurance, etc.), including certain of SIM'S investment advisor representatives in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from SIM.

Please Note: If the client engages any such recommended professional and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

### **Client Obligations**

In performing its services SIM shall not be required to verify any information received from the client, or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify SIM if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising SIM's previous recommendations and/or services.

## Item 5: Fees and Compensation

The client can engage SIM to provide discretionary and/or non-discretionary investment advisory services on an annual fee basis. The fee shall be based upon the level and scope of the overall investment advisory services to be rendered, which is based upon various objective and subjective factors. These factors include, but are not limited to, the amount of the assets placed under SIM's management, the level and scope of services to be rendered, and the complexity of the engagement. Lower fees for comparable services may be available from other sources.

### Fee Billing

Investment management account fees are based on a percentage of total assets managed. Fees are generally calculated and charged quarterly in advance. Fees are based on the market value using closing prices at quarter end, at one-quarter of the annual rates listed below. The quarter ending value includes accrued interest and/or dividends. Fees for the investment management services provided by SIM, which may begin before assets are received into the client's account, are typically calculated and charged beginning on the first trade date in the account. The fee will be calculated and deducted from the client's account each calendar quarter following the billing date as stated in the client's Investment Advisory Agreement ("IAA"). The client may instead pay fees from another account by completing and submitting written instructions to SIM. Clients with a minimum \$25,000 of investable assets, who also participate in the Wealth-Accumulator program, will have access to a Relationship Manager.

SIM will aggregate households for billing in accordance with the Fee Schedule listed below for household<sup>1</sup> accounts established by a client where: i) the funding occurs within 90 days of the start of the relationship; ii) each individual account within the household must be equal to or greater than \$25,000; and iii) accounts are required to be in SIM Managed Models.

Clients investing in the SIM Funds ultimately bear all SIM Fund-related fees and expenses, including brokerage fees and operating expenses, as well as the expenses derived from the underlying mutual funds in which the SIM Funds invest. Assets invested in shares of the Funds are subject to embedded advisory and other fees and expenses, as set forth in the prospectus. These fees are paid by the SIM Funds, but ultimately borne by investors. SIM receives an annual advisory fee rate of 1.00% for the SIM Equity Fund and 0.75% for SIM Fixed Income Funds, on each Fund's average daily net assets as

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<sup>1</sup> Definition; household

(1) A natural person, and:

(i) Any minor child of the natural person;

(ii) Any relative, spouse, or relative of the spouse of the natural person who has the same principal residence;

(iii) All accounts of which the natural person and/or the persons referred to in this paragraph (a)(1) are the only primary beneficiaries; and

(iv) All trusts of which the natural person and/or the persons referred to in this paragraph (a)(1) are the only primary beneficiaries;



described in the prospectus. Because SIM charges fees to serve as the Fund Manager of the SIM Funds, there is a conflict of interest relative to SIM recommending SIM Funds as an investment option. As such, SIM does not receive an Investment Advisory Fee directly from the client relative to any investment in any SIM Fund in which SIM serves as the fund manager.

SIM also receives an administrative service fee from the SIM Funds of 0.25%, under an Administrative Services Agreement (“ASA”). For this fee, SIM provides certain services, such as: 1) assisting customers with processing shareholder orders; 2) answering questions and handling correspondence for individual accounts; 3) meeting periodically with customers to discuss their investments in the Funds in light of the risk tolerances and assisting in the allocation of assets among the Funds; and 4) assisting the coordination and provision of services to the Funds by the Funds’ other service providers. The fees payable under the ASA are separate and distinct from the fees payable to the Adviser under the Advisory Agreement.

As a fund of funds, each SIM Fund invests in shares of other registered investment companies. The SIM Funds invest more than half of their assets in underlying funds that are managed by Dimensional Fund Advisors LP. Advisers to the underlying funds, including DFA, are paid an advisory fee by each underlying fund they manage. Thus, Clients bear their asset-based share of the fees and expenses of each underlying fund as well as of the SIM Fund series in which their assets are invested. Neither we, nor any other party, receive a sales load in connection with Client investments in the Funds. Clients do not pay SIM any separate advisory fee above or beyond the fees embedded in the Funds to participate in the SIM Fund Platform.

SIM may enter into Co-Advisory Agreement or Agreements with unaffiliated Registered Investment Advisers to offer SIM Funds. Under the terms of the Client Agreement, the Registered Investment Adviser may charge Investment Advisory fees between .20% and 1.20% of the of the Account Owner assets under management. The fees paid to the Registered Investment Adviser are separate and apart from the fees and expenses associated with the SIM Funds.

## Fee Schedules

**Clients contracting on or after December 15, 2019, are subject to the fee schedule set forth below:**

The first \$500,000	2.00%
The next \$500,000	1.00%
The next \$3,000,000	0.75%
Assets over \$4,000,000	0.50%

## Fee Discretion

SIM may charge a lesser fee based upon certain criteria: future earning capacity; anticipated future additional assets; dollar amount of assets to be managed; related accounts; account composition; pre-existing/legacy client relationship; employer-employee relationship; account retention; or pro bono activities.

Client contracts entered into prior to December 15, 2019 are subject to the fee schedule set forth below:

#### Wealth-Accumulator

\$25,000 to \$249,999 INDEFINITELY @ 1.50% plus Interactive Wealth-Accumulator program fee 0.25% = 1.75%

#### Private Client Services Group

\$250,000 to \$499,999 YEAR 1 @ 1.50% plus Interactive PCS program fee 0.25% = 1.75%

\$250,000 to \$499,999 YEAR 2 @ 1.50% plus Interactive PCS program fee 0.10% = 1.60%

Note; if the balance drops below \$250,000 in any quarter due to a withdrawal, the fee is prorated and adjusted according to the (Wealth-Accumulator) Fee Schedule for that quarter and future quarters until the balance is brought back up to \$250,000

\$500,000 to \$1mm YEAR 1 @ 1.25% plus Interactive PCS program fee 0.25% = 1.50%

\$500,000 to \$1mm YEAR 2 @ 1.25% plus Interactive PCS program fee 0.10% = 1.35%

Note; if the balance drops below \$500,000 in any quarter due to a withdrawal, the fee is prorated and adjusted according to the Fee Schedule for that quarter and future quarters until the balance is brought back up to \$500,000

\$1mm to \$5mm YEAR 1 @ 1.125% plus Interactive PCS program fee of 0.25% = 1.375%

\$1mm to \$5mm YEAR 2 @ 1.125% plus Interactive PCS program fee of 0.10% = 1.225%

Note: if the balance drops below \$1mm in any quarter due to a withdrawal, the fee is prorated and adjusted according to the Fee Schedule for that quarter and future quarters until the balance is brought back up to \$1mm

\$5mm and above YEAR 1 @ 1% plus Interactive PCS program fee 0.25% = 1.25%

\$5mm and above YEAR 2 @ 1% plus Interactive PCS program fee 0.10% = 1.10%

Note: if the balance drops below \$5mm in any quarter due to a withdrawal, the fee is prorated and adjusted according to the Fee Schedule for that quarter and future quarters until the balance is brought back up to \$5mm

#### **Direct Fee Deduction**

Clients can elect to have SIM's advisory fees deducted from their custodial account. Both SIM's Investment Advisory Agreement and the custodial/clearing agreement authorize the custodian to debit the account for the amount of SIM's investment advisory fee and to directly remit that management fee to SIM in compliance with regulatory procedures. In the limited event that SIM bills the client directly, payment is due upon receipt of SIM's invoice.

#### **Additional Fees and Expenses**

In addition to the advisory fees paid to SIM, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges can include: securities

brokerage commissions; transaction fees; custodial fees; overnight carrier fees for certain deliveries; early settlement fees when a client wishes to exit investment positions in order to withdraw cash; fees charged by the Independent Managers; margin costs; charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses); deferred sales charges, odd-lot differentials; transfer taxes; wire transfer and electronic fund fees; and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12 below.

The Investment Advisory Agreement between SIM and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, SIM shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of months remaining in the quarterly billing cycle.

**Please Note:** Clients may purchase investment products recommended by SIM through other non-affiliated broker dealers or agents.

SIM does not receive any revenue from advisory clients as a result of commissions or other compensation for the sale of investment products by SIM representatives in their individual capacity as registered representatives of a broker dealer.

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

Neither Secure Investment Management nor any supervised person of SIM accepts performance-based fees.

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

SIM's clients shall generally include individuals, business entities, trusts and estates.

### **Minimum Account Requirements**

SIM generally has an account minimum of \$25,000; however, SIM may waive the account minimum or charge a lesser advisory fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.)

### **Separate Accounts**

SIM provides portfolio management services to clients using separately managed accounts ("Separate Accounts"). SIM's management of the client's Separate Account will be consistent with the particular investment strategy or strategies the client selected for that account. Clients can impose certain limitations or restrictions on SIM's discretionary authority. However, SIM reserves the right not to enter into a contract with a prospective client, or to terminate an agreement with an existing client, if the proposed limitation or restriction is likely in SIM's opinion to impair its ability to

provide services to a client or is otherwise believed by SIM to be administratively or practically infeasible. Additional detail about each strategy may be obtained at no charge by contacting SIM at 520-269-4003.

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

Each of the SIM Managed Models is managed to respond to changing market conditions using passive investment management. Investing in securities involves risk of loss that clients should be prepared to bear.

SIM constructs investment portfolios to match the investment goals, objectives, needs, and risk tolerance of each client. SIM takes a quantitative, factor-based approach to investing that is structured around the latest academic research and based on Modern Portfolio Theory, which refers to the process of attempting to reduce risk in a portfolio through systematic diversification across and within different asset classes including equities of different sizes, styles, and geographies; fixed income of various credit qualities and maturities; and alternative investment strategies. SIM focuses on developing globally diversified investment portfolios, primarily through the use of low cost, no-load institutional mutual funds and exchange-traded funds.

### **Risk of Loss**

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

Our portfolios are designed for investors who are able to hold the investment for one or more years. Investors should be able to accept price volatility during this period, the level of which should match the stated risk tolerance of the respective investor.

Our portfolios are designed to meet stated investment objectives based on your Investment Policy Questionnaire (IPQ). The portfolios are not designed to match equity market returns during strong rallies. Although the portfolios seek low volatility and principal protection, asset allocation decisions may not achieve these goals in all cases. There is no guarantee a portfolio will meet a target return or investment objective. Investments in bonds involve interest rate and credit risk. Bond values change according to changes in interest rates, inflation, and credit climate and issuer credit quality. Interest rate rises will reduce the value of a bond. Although longer term bonds may pay more income, their value is more susceptible to interest rate variation than shorter term, lower yield bonds. Stock markets and individual stocks can be subject to large price fluctuations.

Diversification cannot protect an investor from these fluctuations. The use of indexed funds is not fully guaranteed to track an intended market and may carry additional 'product' risks.

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

Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, it will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs. The Sub-Advisor may, at its discretion, invest in leveraged ETFs which provide two times the exposure to a stated index or asset class. These ETFs may be held for periods longer than one week.

Cybersecurity Risk- The computer systems, networks, and devices used by SIM, and service providers to SIM and our clients to carry out our business operations engage a variety of safety measures designed to prevent interruption from computer viruses, systems failures, infiltration by unauthorized persons and other security breaches. Despite the various protection efforts employed, systems, networks and/or devices can be breached. SIM and clients could be negatively impacted as a result of a cybersecurity breach. For example, cybersecurity breaches may cause disruptions in business operations which in turn may potentially result in a financial loss to a client; the inability by us and/or other services providers to transact business; violations of applicable privacy laws; the inadvertent release

of confidential information, regulatory fines, penalties and/or reputational damage. Similar adverse consequences could apply to issuers of securities in which a client invests; exchange and other financial market operators, government authorities, banks, or other financial institutions, among other parties.

Public Health Risk-Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu, and, most recently, COVID-19. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, has a negative impact on the economy, and business activity in any of the countries in which the Adviser may invest and thereby adversely affect the performance of the client account.

## Item 9: Disciplinary Information

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SIM or the integrity of SIM's management. SIM has no material pertinent disclosures related to disciplinary events associated with SIM's clients. On SIM's ADV Part 1, under the Regulatory Action Disclosure Reporting Pages, you will find one regulatory action ("DRP") listed related to an event which occurred to an Employee Advisor of SIM.

In 2014, an Investment Advisor Representative ("IAR") employed by SIM entered into investment advisory agreements with five Kansas clients. At the time, neither SIM nor the IAR was registered in Kansas, as required. In July 2015, the Kansas Insurance Department referred a complaint from a Kansas resident to the office of Kansas Securities Commissioner resulting in an administrative inquiry into the unregistered activity of the firm and the IAR. As a result of the investigation, a notice of intent to impose administrative sanctions was filed along with a consent order on December 21, 2016. Per the consent order, a civil penalty of \$5,000 was assessed against SIM and was paid within 30 days of the entry of the order.

## Item 10: Other Financial Industry Activities and Affiliations

### Licensed Insurance Agents

SIM does not engage in the sale of insurance products to advisory clients. Certain of SIM's supervised persons, in their individual capacities, are also licensed insurance agents, with various insurance companies, including its affiliated agencies. As a result, such supervised persons recommend, on a commission basis, the purchase of certain Insurance products. A conflict of interest exists to the extent that SIM recommends the purchase of insurance products where SIM's supervised persons receive insurance commissions or other additional compensation. As referenced in Item 4 above, clients can engage certain of SIM's representatives to purchase insurance products on a commission basis. Any activity by your investment advisor representative as an insurance agent is separate from and outside of his or her role on behalf SIM. You should understand the following:

- SIM does not serve as an insurance agency for your investment advisor representative to offer fixed insurance, fixed annuities or fixed indexed annuities;

- SIM does not conduct due diligence of the fixed insurance, fixed annuities or fixed indexed annuities offered by your investment advisor representative in his or her separate capacity as an insurance agent; and
- SIM does not review, approve or supervise your investment advisor representative's recommendations as an insurance agent to hold, purchase or sell/surrender fixed insurance, fixed annuities or fixed indexed annuities.

### **Dually Licensed Investment Advisor Representatives**

Currently, there are investment advisor representatives of SIM that are dually registered as investment advisor representatives of their own independently registered investment adviser firms. The investment advisor representative can provide financial planning services under his or her own independently registered investment adviser firm. Clients are not obligated to use the services of SIM or the investment advisor representative's independently registered investment adviser firm. However, if the client chooses to do so, the client should be aware that SIM does not review or supervise the financial planning services provided by the advisor representative in this separate capacity through his or her independently registered investment adviser firm; the independently registered investment adviser firm providing the financial planning services is solely responsible for these services and the advisory fees charged. SIM will be responsible to only supervise our asset management services. This dual registration of an investment advisor representative with SIM and the independently registered investment adviser firm creates a conflict of interest.

### **Conflict of Interest**

SIM's investment advisor representatives may also be registered representatives of broker-dealers that are unaffiliated with SIM. These registered representatives can recommend that a client purchase a securities or insurance products that charge a commission. This situation presents a conflict of interest, since the receipt of commissions provides an incentive for the registered representative to recommend investment products based on commissions to be received, rather than on a particular client's need. Additionally, in their individual capacities as insurance licensed agents, SIM's representatives receive compensation in addition to commissions from certain insurance wholesalers. No client is under any obligation to purchase any commission products from SIM's representatives..

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

SIM has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. SIM's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non- public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of SIM's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). Neither SIM nor any related person of SIM recommends, buys, or sells for client accounts, securities in which SIM or any related person of SIM has a material financial interest. However, SIM, along with related persons, are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner consistent with the Firm's policies and procedures. This Code of Ethics established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities.

SIM has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of SIM's "Access Persons." SIM's securities transaction policy requires that an Access Person of SIM must provide the CCO a written report of their current securities holdings within ten (10) days after becoming an Access Person. Access Persons are also required to provide a list of their outside brokerage accounts and set up each outside brokerage account to provide duplicate statements directly to SIM's CCO. SIM's internal compliance reviews each confirmation of trade statement as well as each monthly report received from the Access Person's outside brokerage account(s). Additionally, each Access Person provides the CCO with a written attestation confirming/identifying each one of the Access Person's current outside brokerage accounts.

**ERISA Assets** Our firm and our advisors give advice on ERISA accounts that is in our clients' best interest, and charge no more than reasonable compensation (within the meaning of ERISA Section 408(b)(2) and Internal Revenue Code Section 4975(d)(2)).

## Item 12: Brokerage Practices

In the event that the client requests that SIM recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that direct SIM to use a specific broker-dealer/custodian), SIM recommends that investment management accounts be maintained at Fidelity. Prior to engaging SIM to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with SIM setting forth the terms and conditions under which SIM shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that SIM considers in recommending Fidelity (or any other broker-dealer/custodian to clients) include historical relationship with SIM, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by SIM's clients shall comply with SIM's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where SIM determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. 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. Accordingly,



although SIM will seek competitive rates, it will not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions, transaction and transfer of asset fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, SIM's investment management fee. SIM's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### **Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular custodian, SIM receives from Fidelity (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist SIM to better monitor and service client accounts maintained at such institutions. Included within the support services that are obtained by SIM is 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 SIM in furtherance of its investment advisory business operations. The receipt of benefits gives SIM an incentive to recommend or select Fidelity (or another broker-dealer/custodian) based on SIM's interest in receiving the research or other products or services, rather than on the clients' interest in receiving most favorable execution.

As indicated above, certain of the support services and/or products received can assist SIM in managing and administering client accounts. Others do not directly provide such assistance, but rather assist SIM to manage and further develop its business enterprise.

SIM's clients do not pay more for investment transactions effected and/or assets maintained at Fidelity as a result of this arrangement. This, however, can cause clients to pay commissions higher than those charged by other broker-dealers who do not offer such benefits. There is no corresponding commitment made by SIM to Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

To the extent that services of value are received by SIM, SIM avoids expenses which it might otherwise incur. The receipt of research in connection with brokerage transactions executed on behalf of its clients benefits SIM by allowing SIM, at no cost to it, to supplement its own research and analysis activities.

Research obtained can be utilized by SIM for the benefit of clients not related to the broker-dealer providing the research.

SIM does not receive referrals from broker-dealers.

### **Directed Brokerage**

The client can direct SIM to use a particular broker-dealer (subject to SIM's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer, and

SIM will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by SIM. As a result, clients can 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. In the event that the client directs SIM to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction causes the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements.

In the event that the transactions for a client's accounts are affected through a broker-dealer that refers investment management clients to SIM, there exists the potential for conflict of interest if the accounts incur higher commission or transaction costs than the accounts would otherwise have incurred had the client determined to effect account transactions through alternative clearing arrangements.

SIM will aggregate orders in a manner that it considers to be the most equitable to all accounts.

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

For those clients to whom SIM provides investment supervisory services, account reviews are conducted on an ongoing basis by the client's investment advisor representative or qualified designee. All investment advisory clients are advised that it remains their responsibility to advise their investment advisor representative and SIM of any changes in their investment objectives and/or financial situation. SIM encourages you to request a review with your investment advisor representative to discuss such things as account performance, changes in the client's investment objectives, goals, and financial situation, tax planning, estate planning, retirement planning and any other questions the clients have concerning their investment portfolio. If you only receive financial planning services from SIM, you will be charged a separate fee for meetings with your investment advisor representative. You should read carefully the agreement with SIM to determine the amount of such separate fees, if any on an annual basis.

SIM conducts account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.

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

As referenced in Item 12 above, SIM receives an indirect economic benefit from Fidelity. SIM, without cost (and/or at a discount), receives support services and/or products from Fidelity.

SIM's clients do not pay more for investment transactions effected and/or assets maintained at Fidelity as a result of this arrangement. There is no corresponding commitment made by SIM to Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

If a client is introduced to SIM by either an unaffiliated or an affiliated solicitor, SIM pays that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from SIM's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to SIM by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of SIM's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between SIM and the solicitor, including the compensation to be received by the solicitor from SIM.

As disclosed in Item 5 Fees and Compensation, SIM is an investment adviser to the SIM Funds. SIM receives an investment advisory fee from these funds, and an administrative fee for services provided to the SIM Funds.

## Item 15: Custody

SIM does not maintain physical possession of Client cash and/or securities. For certain Clients, SIM deducts fees directly from Client accounts. As a result, SIM is deemed to have custody of these Client assets. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the custodian and/or program sponsor for the client accounts. SIM urges you to carefully review such statements and compare such official custodial records to the account statements that SIM provides you.

**Please Note:** The account custodian does not verify the accuracy of SIM's advisory fee calculation. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact SIM directly if they believe that there is an error in their statement.

SIM is also deemed to have custody when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and under that SLOA authorize SIM to designate the amount or timing of transfers with the custodian. SIM has implemented procedures to meet the specific conditions as stated in the SEC's SLOA no action letter which are intended to protect client assets in such situations, which SIM follows. Additionally, as a result of following these conditions, SIM is not required to obtain a surprise examination.

## **Item 16: Investment Discretion**

Clients can engage SIM to provide investment advisory services on a discretionary basis. Prior to SIM assuming discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement, granting SIM full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's account.

Clients who engage SIM on a discretionary basis may, at any time, impose restrictions, in writing, on SIM's discretionary authority. (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe SIM's use of margin, etc.).

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

SIM does not vote client proxies. The client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.

## **Item 18: Financial Information**

SIM does not solicit fees of more than \$500.00, per client, six months or more in advance.

SIM does not have any financial condition or circumstance that is reasonably likely to impair our ability to meet our contractual obligations.