

Part 2A - FIRM BROCHURE



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**March 27, 2020**

This brochure provides information about the qualifications and business practices of PM Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (513) 562-1675 or [mswendiman@keybridgecompliance.com](mailto:mswendiman@keybridgecompliance.com). 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 PM Wealth Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to PM Wealth Management, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## Item 2 Material Changes

This Brochure, dated March 31, 2020, was prepared in accordance with the SEC requirements, and contains the following material changes from PM Wealth Management, LLC's 2019 annual filing (submitted January 31, 2019).

- Effective October 2019, Matthew A. Swendiman of Key Bridge Compliance, was appointed Chief Compliance Officer (CCO).
- Item 4: The Advisor removed language on LPL Advisory programs that are not offered by the Firm. The Advisor added language regarding the conflict of interest when rolling over 401(k) plan assets into an IRA.

You may also obtain a copy of our Brochure by contacting Matthew A. Swendiman, Chief Compliance Officer, by phone at (513) 562-1675, or by email at [mswendiman@keybridgecompliance.com](mailto:mswendiman@keybridgecompliance.com).

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## Item 4 Advisory Business

A. PM Wealth Management, LLC (the "Registrant") is a limited liability company formed on September 26, 2018 in the State of New York. The Registrant is owned by Prager Metis Wealth Management Group.

B. **ADVISORY SERVICES OFFERED:**

As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, pension & profit-sharing plans, estates and charitable organizations, etc.) investment advisory services, retirement plan consulting, insurance consulting and, to the extent specifically requested by a client, financial planning and related consulting services.

The Registrant works to provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment advisor representative will discuss with each client, their particular investment objectives and risk tolerances. The Registrant allocates each client's investment assets consistent with their designated investment objectives and risk tolerances. Clients may, at any time, impose restrictions, in writing, on the Registrant's services. Each client is advised that it remains his or her responsibility to promptly notify the Registrant if there is ever any change in his or her financial situation or investment objectives for the purpose of reviewing and revising Registrant's previous recommendations and services. The Registrant and its representatives will maintain channels of communication with clients in order to be available to discuss clients' investments, investment objectives and risk tolerances. The Registrant participates in advisory programs as portfolio manager, advisor, co-advisor or solicitor depending on the program and depending on the needs or direction of its clients. Clients should discuss with their advisor what roles are appropriate, and what programs are appropriate for their investment objectives and risk tolerances. If the Registrant becomes aware that any activity described in this brochure is no longer permitted under any relevant law, the Registrant will cease engaging in such activity.

The Registrant also may select other investment advisors for its clients, in particular by advising clients regarding Independent Managers or Third Party Asset Management Programs ("TAMPs") or by referral arrangements.

To the extent the Registrant utilizes an Independent Manager or a Third Party Asset Manager, the Registrant shall provide the Independent Manager or Third Party Asset Manager with each client's particular investment objective and risk tolerance. Any changes in the client's financial situation or investment objectives reported by the client to the Registrant shall be communicated to the Independent Manager or Third Party Asset Manager within a reasonable period of time.

### INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap fee basis. If a client determines to engage the Registrant on a wrap fee basis the client will pay a fee based on a percentage of the assets being managed for investment management and transaction fees. The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately. Clients may also agree with the Registrant that services will be provided for a fixed or flat fee or an hourly fee, and may agree to pay a fee for attending a seminar or educational event, or a subscription fee for information provided in a periodical publication, as described in Item 5D below.

#### 1. NON-WRAP FEE BASIS

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a fee basis. The annual advisory fee may be negotiated based upon various objective and subjective factors including, but not limited to, the types of assets being managed, the amount of the assets placed under the Registrant's direct management, the amount of the assets placed under the Registrant's advisement (assets that are generally managed directly by the client or by other investment professionals engaged by the client, for which the Registrant provides review/monitoring services, but does not have trading authority), the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered, and additional assets having been placed with the advisor for management and the likelihood of additional assets being placed with the advisor for management as a result of the advisor having a relationship with an association, organization, group or company. The Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management to be charged quarterly in advance, and Registrant's representatives may at their discretion negotiate a fee with a maximum of 2.00% which may follow the example below:

The terms and conditions for client participation in the advisory programs are set forth in Registrant's advisory agreements and account paperwork for the advisory programs. All prospective advisory program participants should read both this disclosure

brochure and all relevant brochure supplements, and any documentation from the advisory programs, and ask any corresponding questions that they may have, prior to participation in the advisory programs.

As part of the advisory programs, a registered broker-dealer that is a member of FINRA and SIPC will maintain custody of clients' assets and effect trades for their accounts. LPL Financial will be the primary broker-dealer, but other broker-dealers may be used.

The Registrant will custody assets with LPL Financial unless otherwise specified by the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. The Registrant is independently owned and operated and not affiliated with any broker-dealer.

Participation in the advisory programs may cost more or less than purchasing such services separately.

## 2. WRAP FEE ADVISORY PROGRAMS

The Registrant participates in wrap fee programs sponsored by other firms.

## 3. FINANCIAL PLANNING AND CONSULTING SERVICES

To the extent requested by a client, the Registrant may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$150 to \$400 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including the Registrant's representatives in their individual capacities as registered representatives of LPL Financial and as licensed insurance agents. (See disclosure at Item 10 C.1 and Item 10 C.2). 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 the Registrant. **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. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his or her or its financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and services.

## 4. THIRD PARTY ASSET MANAGEMENT PROGRAMS ("TAMPS")

The Registrant may recommend or select other investment advisors for its clients generally through Third Party Asset Management Programs ("TAMPS"). LPL makes available advisory services and programs of third party investment advisors. Through these TAMPS, the Registrant's representatives provide ongoing investment advice to clients that is tailored to the individual needs of those clients. As part of these TAMP services, the representative typically obtains the necessary financial data from the client, assists the client in determining the suitability of the program, assists the client in setting an appropriate investment objective and risk tolerance and assists the client in opening an account with the TAMP. In addition, depending on the type of program, the representative may assist the client to select a model portfolio of securities designed by the TAMP or select a portfolio management firm to provide discretionary asset management services. It is the third party investment advisor (and not Registrant's representative) that has client authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to investment objective chosen by the client. This authorization will be set out in the TAMP client agreement. The Brochure for the particular TAMP will explain whether clients may impose restrictions on investing in certain securities or types of securities.

## 5. SPECIFIC ADVISORY PROGRAMS

The Registrant participates in advisory programs sponsored by broker-dealers that the Registrant uses as qualifying custodians. Specific details about each program are determined by the program sponsor and are subject to change. Clients should thoroughly review disclosure documents provided about the specific program they are participating in and the following is intended as a partial guide to the programs available.

### LPL FINANCIAL SPONSORED ADVISORY PROGRAMS

The Registrant may provide advisory services to clients through certain programs sponsored by LPL Financial, a registered investment advisor and broker-dealer. Below is a brief description of each LPL Financial advisory program available through the Registrant. For more information regarding these programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the LPL Financial Part 2A Brochure or the applicable program's Part 2A Brochure and the applicable client agreement.

- i. **Model Wealth Portfolios Program (MWP)** MWP is a professionally managed mutual fund asset allocation program. The Registrant will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Registrant will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL Financial's Research Department consistent with the client's stated investment objective. LPL Financial's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected.

The client will authorize LPL Financial to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange traded funds) and to liquidate previously purchased securities. The client will also authorize LPL Financial to effect rebalancing for MWP accounts.

The MWP program also offers model portfolios designed by strategists other than LPL Financial's Research Department. The Registrant can choose among the available models designed by LPL Financial and outside strategists. LPL Financial sets a minimum account value for MWP and changing account balances and minimum requirements may affect whether this program is appropriate for a particular client and may affect the fee charged.

- ii. **Manager Access Select Program (MAS)** Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. The Registrant will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL Financial. The Portfolio Manager manages client's assets on a discretionary basis. The Registrant will provide initial and ongoing assistance regarding the Portfolio Manager selection process. LPL Financial and Portfolio Managers set minimum account values for MAS and changing account balances and minimum requirements may affect whether this program is appropriate for a particular client and may affect the fee charged.

#### FEES FOR LPL FINANCIAL ADVISORY PROGRAMS

The account fee charged to the client for each LPL Financial advisory program is negotiable, and may be subject to maximum fees set by LPL Financial. Account fees are payable quarterly in advance.

LPL Financial serves as program sponsor, investment advisor and broker-dealer for the LPL Financial advisory programs. The Registrant and LPL Financial may share in the account fee and other fees associated with program accounts. The Registrant's representatives may also be registered representatives of LPL Financial and may receive benefits from LPL Financial based in part on client participation in LPL Financial Advisory Programs (see Item 7.C)

#### POTENTIAL CONFLICTS OF INTEREST

Transactions in LPL Financial advisory program accounts are generally effected through LPL Financial as the executing broker-dealer. The Registrant and its representatives receive compensation as a result of a client's participation in an LPL Financial program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Registrant would receive if the client participated in other programs, whether through LPL Financial or another sponsor, or paid separately for investment advice, brokerage and other services.

#### CO-ADVISORY, REFERRAL AND SOLICITOR SERVICES

The Registrant and its representatives may act as referral agents or solicitors on behalf of third party investment advisors pursuant to a referral or solicitor agreement. The Registrant's representative provides the referred client a disclosure statement regarding the role of the Registrant and its representative as a referral agent or solicitor, and the client engages the third party investment advisor for advisory services. Please see Item 14 below for more information about these referral services and the related compensation.

## 6. RETIREMENT PLAN CONSULTING SERVICES

The Registrant's representatives may assist clients that are trustees of retirement plans or other fiduciaries to retirement plans ("Plans") by providing fee-based consulting and/or advisory services. Representatives perform one or more of the following services, as selected by the client in the client agreement:

- Assistance in the preparation or review of an investment policy statement ("IPS") for the Plan based upon consultation with client to ascertain Plan's investment objectives and constraints.
- Acting as a liaison between the Plan and service providers, product sponsors or vendors.
- Ongoing monitoring of investment managers or investments in relation to the criteria specified in the Plan's IPS or other written guidelines provided by the client to representative.
- Preparation of reports describing the performance of Plan investment manager(s) or investments, as well as comparing the performance to benchmarks.
- Ongoing recommendations, for consideration and selection by client, about specific investments to be held by the Plan or, in the case of a participant-directed defined contribution plan, to be made available as investment options under the Plan.
- Training for the members of the Plan Committee with regard to their service on the Committee, including education and consulting with respect to fiduciary responsibilities.
- Assistance in enrolling Plan participants in the Plan, including conducting an agreed upon number of enrollment meetings. As part of such meetings, representatives may provide participants with information about the Plan, which may include information on the benefits of Plan participation, the benefits of increasing Plan contributions, the impact of pre-retirement withdrawals on retirement income, the terms of the Plan and the operation of the Plan.
- Assistance with investment education seminars and meetings for Plan participants. Such meetings may be on a group or individual basis, and may include information about the investment options under the Plan (e.g., investment objectives, risk/return characteristics, and historical performance), investment concepts (e.g., diversification, asset classes, and risk and return), and how to determine investment time horizons and assess risk tolerance. Such meetings do not include specific investment advice about investment options under the Plan as being appropriate for a particular participant.
- Assistance at client's direction in making changes to investment options under the Plan.
- As part of the ongoing investment recommendation service set out above, assistance in identifying investment options in connection with the "broad range" requirement of Section 404(c) of the Employee Retirement Income Security Act of 1974 ("ERISA").
- As part of the ongoing investment recommendation service set out above, assistance in identifying an investment fund product or model portfolio in connection with the definition of a "Qualified Default Investment Alternative" ("QDIA") under ERISA.
- Assistance with the preparation, distribution and evaluation of Request for Proposals, finalist interviews, and conversion support in connection with vendor analysis and service provider support.
- Preparation of comparisons of Plan data (e.g., regarding fees and services and participant enrollment and contributions) to data from the Plan's prior years and/or a benchmark group of similar plans.
- Assistance in identifying the fees and other costs borne by the Plan for, as specified by client, investment management, recordkeeping, participant education, participant communication and/or other services provided with respect to the Plan.
- Investment advisor representatives may meet with Plan participants, upon reasonable request, to collect information necessary to identify Plan participants' investment objectives, risk tolerance, time horizon, etc. Advisor will provide recommendations to assist the participant with his/her Plan account. Plan participants retain sole discretion over the investment decisions in their accounts and sole responsibility for implementing investment decisions in their accounts.

If the Plan makes available publicly traded employer stock ("company stock") as an investment option under the Plan, representatives do not provide investment advice regarding company stock and are not responsible for the decision to offer company stock as an investment option. In addition, if participants in the Plan may invest the assets in their accounts through individual brokerage accounts, a mutual fund window, or other similar arrangement, or may obtain participant loans, representatives do not provide any individualized advice or recommendations to the participants

regarding these decisions. Furthermore, representatives do not provide individualized investment advice to Plan participants regarding their Plan assets.

If a client elects to engage the Registrant and its representatives to perform ongoing investment monitoring and ongoing investment recommendation services in the client agreement, such services will constitute “investment advice” under Section 3(21)(A)(ii) of ERISA. Therefore, Registrant and its representatives will be deemed a “fiduciary” as such term is defined under Section 3(21)(A)(ii) of ERISA in connection with those services. Clients should understand that to the extent Registrant and its representatives are engaged to perform services other than ongoing investment monitoring and recommendations, those services are not “investment advice” under ERISA and therefore, Registrant and its representatives will not be a “fiduciary” under ERISA with respect to those other services.

If a client elects to engage the Registrant and its representatives to perform discretionary investment management services in the client agreement, such services will be performed as an “investment manager” under Section 3(38) of ERISA. Therefore, Registrant and its representatives will be deemed a “fiduciary” as such term is defined under Section 3(38) of ERISA in connection with those services. Clients should understand that to the extent Registrant and its representatives are engaged to perform services other than ongoing investment management, the Registrant is not acting as an “investment manager” under ERISA and therefore, Registrant and its representatives will not be a “fiduciary” under ERISA with respect to those other services.

## 7. EDUCATIONAL SEMINARS

The Registrant through its representatives offers educational seminars and workshops relevant to investing and may charge attendees a fee for admission or seminar materials. No client is required to attend such seminars or workshops or pay any fee in connection thereto.

## 8. NEWSLETTERS AND PERIODICALS

The Registrant through its representatives publishes newsletters or periodicals relevant to investing and may charge a subscription fee. No client is required to subscribe to any newsletters or periodicals or pay any subscription fee.

## 9. MISCELLANEOUS

- i. **Non-Investment Consulting/Implementation Services.** If requested by the client, the Registrant may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc.

The Registrant does not serve as an accountant and no portion of the Registrant’s services should be construed as same. Certain of Registrant’s representatives are accountants, in their individual capacities, separate and apart from the Registrant, and any services or advice rendered in that capacity is not provided by or through the Registrant.

The Registrant does not sell insurance and no portion of the Registrant’s services should be construed as same. Certain of Registrant’s representatives are licensed to sell insurance, in their individual capacities, separate and apart from the Registrant, and any such sale of insurance in that capacity is not provided by or through the Registrant.

To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of the Registrant 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 the Registrant.

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.

Please Also Note: It remains the client’s responsibility to promptly notify the Registrant if there is ever any change in his or her or its financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant’s previous recommendations and services.

- ii. **Fee Differentials.**

As indicated above, the Registrant prices its services based upon various objective and subjective factors. As a result, Registrant’s clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and



scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by the Registrant to any particular client could be available from other advisors at lower fees. All clients and prospective clients should be guided accordingly.

**iii. Advisory Program Cost Differentials.**

The Registrant participates in several advisory programs which charge varying levels of program fees. When a client invests through an advisory program, an investment advisory fee is deducted from the assets placed in that advisory program. The advisory program retains a portion of the program fee, and a portion of the program fee is paid to the Registrant and its representative. The varying levels of program fees may provide an incentive or disincentive for the Registrant and its representatives to participate in or to recommend a particular advisory program. The recommendation by a representative that a client select a particular advisory program may present a conflict of interest, as the representative's compensation may provide an incentive to recommend a particular advisory program. All clients and prospective clients should be aware of these factors in selecting an advisory program and in negotiating an investment advisory fee.

**iv. Calculation of advisory fees includes cash assets.**

The Registrant calculates advisory fees on all assets placed under its management, including cash held in advisory accounts. Clients may consent to asset allocations that include certain amounts being held as cash for short or long-term reasons, or may direct that assets be held in cash based on personal risk tolerance or market conditions. The Registrant will calculate advisory fees based on total assets in advisory accounts, and all clients and prospective clients should be guided accordingly. Holding large cash balances for more than six months is not an effective investment strategy and the Registrant discourages clients from using investment accounts in this manner.

**v. Non-Discretionary Service Limitations.**

Clients that determine to engage the Registrant on a non-discretionary investment advisory basis must be willing to accept that the Registrant cannot effect any account transactions without obtaining prior verbal consent from the client for each transaction. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

**vi. Trade Error Policy.**

Registrant reimburses accounts for losses resulting from the Registrant's trade errors, but does not credit accounts for such errors resulting in market gains. The gains and losses may be reconciled within the Registrant's custodian firm account and the Registrant or the custodian may retain the net gains and losses.

**vii. Client Obligations.**

In performing its services, Registrant 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 the Registrant if there is ever any change in his or her or its financial situation or investment objectives for the purpose of reviewing, /evaluating /or revising Registrant's previous recommendations and services.

**viii. Disclosure Statement.**

A copy of the Registrant's written disclosure statement as set forth in its Part 2A Brochure and Part 2B Brochure Supplements for appropriate representatives and its Privacy Notice shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement or Financial Planning and Consulting Agreement.

**Brokerage Commissions and/or Transaction Fee Differentials**

Custodians may charge a brokerage commission or transactional fee, and based on the investment product selected, that commission or transactional fee may be higher or lower or zero when compared to the commission or transactional fee on a different investment product. Most custodians offer mutual funds with transactions fees and mutual funds without transaction fees. Some custodians offer commission-free ETFs. Clients may inquire as to whether a transaction incurred a transaction cost.

**Securities-based Loans and Margin Loans**

Clients may be offered an opportunity to utilize margin loans in their investment accounts and may be offered the opportunity to obtain loans or lines of credit based on or secured by the assets held in their investment accounts. When the Registrant charges a fee based directly or indirectly on the amount of assets under management in an investment account, the Registrant and its representatives have an incentive to maintain a high level of assets in those accounts, and the Registrant and its representatives have a conflict of interest when they advise a client to utilize a margin loan or a securities based loan or assist the client to obtain such a loan for some specific purpose, rather than advising the client to or assisting the client with withdrawing funds from such an investment account for that specific purpose.

#### **401(k) Plan Participants considering an IRA Rollover.**

A participant in a qualified employer sponsored retirement plan ("Employer Retirement Plan") may consider rolling those assets over into an Individual Retirement Account ("IRA"). Plan participants are encouraged to consider the advantages and disadvantages of an IRA rollover from their existing Employer Retirement Plan. A plan participant leaving an employer typically has four options (and may engage in a combination of these options):

- 1) Leave the money in the former Employer Retirement Plan, if permitted;
- 2) Transfer the assets to the new employer's plan, if one is available and if rollovers are permitted;
- 3) Rollover the assets to an IRA;
- 4) Cash out (or distribute) the assets and pay the taxes due.

Investors may face increased fees when they transfer retirement savings from their current Employer Retirement Plan to an IRA. Investors should be aware that even if there are no costs associated with the IRA rollover itself, there will be costs associated with account administration and investment management. In addition to the fees charged by the Registrant or another advisor, the underlying investment products (mutual fund, ETF, annuity, or other investment) typically also charge management fees. Custodial fees may also apply. Investing through an IRA managed by the Registrant may be more expensive than the current Employer Retirement Plan.

There is a conflict of interest when a Registrant representative makes a recommendation that a participant roll over assets from a retirement account into a new or existing account or investment (e.g. rollover IRA) managed by the Registrant. The conflict of interest exists because the Registrant will receive compensation (e.g., management fees) if the money is rolled over, but it will not if the recommendation is not accepted. In some cases, the Registrant could have recommended that the participant leave his or her money in the plan and, in that case, the firm and its representative would not be compensated for their advice. The Registrant will manage this conflict through a process designed to develop an informed recommendation in the best interest of the client.

Prior to electing to rollover assets from the current Employer Retirement Plan to an IRA, an investor should consider:

- a. The type of account investment management desired. For example, is assistance in the management of investments desired on a discretionary or non-discretionary basis; or is a self-managed account preferred.
- b. Available investment choices.
- c. The professional assistance available to participants in the current Employer Retirement Plan when compared to the advisory services offered by the Registrant in an advised IRA account.
- d. The cost of advisory fees.
- e. Management expenses associated with the underlying investments in an IRA advisory account in comparison to the underlying investment expenses associated with the current Employer Retirement Plan. Often, the management expenses in the current Employer Retirement Plan are less expensive than in a rollover IRA advisory account.
- f. Custodial charges in the advised IRA account in comparison to the current Employer Retirement Plan.
- g. Transaction charges associated with the advised IRA in comparison to the current Employer Retirement Plan.
- h. The rules pertaining to the required minimum distributions ("RMD") in the current Employer Retirement Plan when compared to the advised IRA.

- i. Legal protections afforded to current Employer Retirement Plan participants in comparison to rollover IRA account owners. Employer Retirement Plans have significant liability protection. The rules pertaining to beneficiaries of an IRA in comparison to the current Employer Retirement Plan (inherited accounts).
- j. The loan provision associated with the current Employer Retirement Plan, if any. IRA accounts do not have loan provisions.
- k. Employer Retirement Plans that may be available from a new employer. Clients and prospective clients are encouraged to consult with an accountant, a tax advisor, the plan administrator and/or legal counsel prior to rolling over assets from the current Employer Retirement Plan to an advised IRA with the Registrant.

#### C. ADVISORY SERVICES FOR CLIENTS' INDIVIDUAL NEEDS

The Registrant works to provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment advisor representative will discuss with each client, their particular investment objectives and risk tolerance. The Registrant shall allocate each client's investment assets consistent with their designated investment objectives and risk tolerance. At any time, clients may impose restrictions, in writing, on the Registrant's services.

#### D. MANAGEMENT OF WRAP AND NON-WRAP ACCOUNTS

There is no significant difference between how the Registrant manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for investment management and transaction fees (See Item 4.B). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately. Please note: When managing a client's account on a wrap fee basis, the Registrant shall receive, as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted. Inasmuch as the execution costs for transactions effected in the client account will be paid by the Registrant, a potential conflict of interest arises in that the Registrant may have a disincentive to trade securities in the client account. In addition, the amount of compensation received by the Registrant as a result of the client's participation in the Program may be more than what the Registrant would receive if the client paid separately for investment management and transaction fees.

#### E. ASSETS UNDER MANAGEMENT

As of December 31, 2019, PM Wealth Management had \$228,629,171 in regulatory assets under management., of which \$227,254,503 was discretionary and \$1,374,668 was non-discretionary.

## Item 5 Fees and Compensation

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

The Registrant generally charges a fee based on a percentage of the assets to be managed. Agreeing to a fee based on a percentage of the assets to be managed may create a disincentive for the Registrant or its representatives to perform additional work for a client because that work will not increase the compensation to be paid, or may lead the Registrant or its representatives to perform less work for clients with fewer assets. The Registrant may also agree to charge a fixed or flat fee for its services, charging a specific dollar amount for a specific time period. Agreeing to a fixed fee may create a conflict of interest where the Registrant or its representatives have no incentive to perform additional work for the client since it will earn no additional compensation for that work. The Registrant may also agree to charge an hourly fee for all time spent working on the client's behalf. Agreeing to an hourly fee may create a conflict of interest where the Registrant or its representatives have an incentive to perform additional work for the client because it will be earn additional compensation for any additional work.

B. FEE BASIS

If a client determines to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a non-wrap fee basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management to be charged quarterly in advance, and Registrant's representatives may at their discretion negotiate a fee with a maximum of 2.00% which may follow the example below:

Market Value of Portfolio	Annual Fee %
\$0 – \$500,000	2.00%
\$500,001 – \$1,000,000	1.85%
\$1,000,001 – \$5,000,000	1.70%
More than \$5,000,000	Negotiable

C. FINANCIAL PLANNING AND CONSULTING SERVICES FEES

To the extent requested by a client, the Registrant may agree to provide financial planning or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable on a fixed fee basis or on an hourly rate basis, depending upon the level and scope of the services required and the professionals rendering the services.

D. THIRD PARTY ASSET MANAGEMENT PROGRAMS

For Third Party Asset Management Programs ("TAMPs"), clients pay an advisory fee as set out in the client agreement with the TAMP sponsor. The fee is typically negotiated among the TAMP sponsor, the representative and the client. The TAMP sponsor may establish a fee schedule or set a minimum or maximum fee. The TAMP fee schedule will be set out in the Disclosure Brochure provided by the TAMP sponsor. The advisory fee typically is based on the value of assets under management as valued by the custodian of the assets for the account and will vary by program. The advisory fee typically will be deducted from the account by the custodian and paid quarterly in arrears or in advance. The advisory fee is often paid to the TAMP sponsor, who in turn pays a portion to the Registrant. Generally, the Registrant shares between 90% and 100% of the Registrant's portion of the fee with the representative based on the agreement between the Registrant and the representative. A TAMP account may be terminated by a party pursuant to the terms outlined in the TAMP client agreement. The TAMP client agreement will explain how clients can obtain a refund of any pre-paid fee if the agreement is terminated before the end of a billing period.

There are other fees and charges imposed by third parties that may apply to investments in TAMP accounts. Some of these fees and charges are described below. The client may be charged commissions, markups, markdowns, or transaction charges by the broker-dealer who executes transactions in the TAMP account. There may be custodial related fees imposed by the custodian of assets for the program account. These additional fees and charges will be set out in the TAMP Brochure and the agreements executed by the client at the time the account is opened.

If assets are invested in mutual funds, ETFs or other pooled funds, there are two layers of advisory fees and expenses for those assets. The client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. The client will also pay the TAMP advisory fee with respect to those assets. The mutual funds and ETFs available in the programs often may be purchased directly. Therefore, clients could avoid the second layer of fees by not using the advisory services of the TAMP and representative and by making their own decisions regarding the investment. A mutual fund in a TAMP program account may pay an asset based sales charge or service fee (e.g., 12b-1 fee) to the broker-dealer on the account. The Registrant and its representatives are not paid these fees for TAMP program accounts.

If client transfers into a TAMP account a previously purchased mutual fund, and there is an applicable contingent deferred sales charge on the fund, client will pay that charge when the mutual fund is sold. If the account is invested in a mutual fund that charges a fee if a redemption is made within a specific time period after the investment, client will be charged a redemption fee. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting).

If client holds a variable annuity that is managed as part of a TAMP account, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor. If client holds a UIT in a program account, UIT sponsors charge creation and development fees or similar fees. Further information regarding fees assessed by a mutual fund, variable annuity or UIT is available in the appropriate prospectus, which clients may request from the representative.

If the TAMP program is a wrap fee program, clients should understand that the wrap fee may cost the client more than purchasing the program services separately, for example, paying fees for the advisory services of the TAMP and representative, plus commissions for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the:

- type and size of the account
- types of securities in the account
- historical and or expected size or number of trades for the account, and
- number and range of supplementary advisory and client-related services provided to the client.

The investment products and services available to be purchased in TAMP program accounts can be purchased by clients outside of a TAMP program account, through the Registrant or through broker-dealers or other investment firms not affiliated the Registrant or the TAMP.

## F. RETIREMENT PLAN CONSULTING FEES

Retirement Plan Consulting Fees may be based on a percentage of the assets held in the Plan (up to 1.00% annually), on an hourly basis (up to \$400 per hour), or on a flat rate basis, as negotiated between the Plan and the representative. Fees will be payable to Registrant in advance or in arrears on the frequency (e.g., quarterly, monthly, etc.) agreed upon among the client, the Registrant, and the representative. If asset based fees are negotiated, payment generally will be based on the value of the Plan assets as of the close of business on the last business day of the period as valued by the custodian of the assets. However, if the fee is paid by the Plan or the client through a third party service provider, such fee will be calculated as determined by the provider. If the fee is paid prior to the services being provided, the Plan will be entitled to a prorated refund of any prepaid fees for services not received upon termination of the client agreement.

Clients may incur fees and charges imposed by third parties other than the Registrant and its representatives in connection with investments recommended by the Registrant. These third party fees can include fund or annuity subaccount management fees, 12b-1 fees and administrative servicing fees, plan recordkeeping and other service provider fees. Further information regarding charges and fees assessed by a fund or annuity are available in the appropriate prospectus, and should be considered by the Plan before making the investment.

If a client engages the Registrant to provide ongoing investment recommendations to the Plan regarding the investment options (e.g., mutual funds, collective investment funds) to be made available to Plan participants, clients and Plan participants should understand that there generally will be two layers of fees with respect to such assets.

The Plan will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. The client also will pay the Registrant a fee for the investment recommendation services. Therefore, clients could generally avoid the second layer of fees by not using the advisory services of the Registrant and by making their own decisions regarding the investment.

If a Plan makes available a variable annuity as an investment option, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor. If a Plan makes available a pooled guaranteed investment contract (GIC) fund, there are investment management and administrative fees associated with the pooled GIC fund.

Clients should understand that the fee that a client negotiates with a representative may be higher than the fees charged by other investment advisors or consultants for similar services. This is the case, in particular, if the fee is at or near the maximum fees set out above. The representative is responsible for determining the fee to charge each client based on factors such as total amount of assets involved in the relationship, the complexity of the services, and the number and range of supplementary advisory and client-related services to be provided. Clients should consider the level and complexity of the consulting and/or advisory services to be provided when negotiating the fee with representative.

Clients pay the fee by check made payable to Registrant. In the alternative, clients also may instruct a Plan's service provider or custodian to calculate and debit the fee from the Plan's account at the custodian and pay such fee to Registrant.

#### G. DEDUCTING ADVISORY FEES FROM CUSTODIAL ACCOUNTS

Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.

#### H. DUALY REGISTERED PERSONS AND CUSTODY OF ACCOUNTS

Certain of the Registrant's investment advisor representatives are also registered representatives of LPL Financial ("dually registered persons"). As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that LPL Financial serve as the broker-dealer/ custodian for client investment management assets. Broker-dealers and custodians charge brokerage commissions and/or transaction fees for effecting certain securities transactions (for example, transaction fees are charged for mutual funds, commissions or ticket charges are charged for individual equity trades and mark-ups and mark-downs for fixed income transactions). When a client serviced by a dually registered person chooses to utilize a custodian other than LPL Financial, LPL Financial must provide its approval. If approved, the client may be serviced by the dually registered persons but an oversight fee equal to 5% (five percent) of the investment advisory fee paid to the Registrant is paid to LPL Financial. Clients who engage the Registrant on a non-wrap basis will incur, in addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, and, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). Clients should be aware that the requirement of approval and the charging of the oversight fee may create a disincentive for dually registered persons to recommend custodians other than LPL Financial or to assist clients in opening accounts with a custodian other than LPL Financial.

Certain investment advisor representatives of the Registrant are also associated with LPL Financial as broker-dealer registered representatives ("dually registered persons"). In their capacity as registered representatives of LPL Financial, dually registered persons may earn commissions for the sale of securities or investment products that they recommend for brokerage clients. Dually registered persons do not earn commissions on the sale of securities or investment products recommended or purchased in advisory accounts through the Registrant. Clients have the option of purchasing many of the securities and investment products that the Registrant makes available through another broker-dealer, registered investment advisor or another financial institution. However, if clients purchase these securities and investment products away from the Registrant, clients will not receive the benefit of ongoing advice and other services that the Registrant provides. To determine whether an investment advisor representative is a dually registered person, clients should review his or her Part 2B Brochure Supplement, and if a client has not received a copy of that document, the client should contact the Registrant using the information on the cover page.

Please Note: LPL Financial is affiliated with Private Trust Company, N.A., ("PTC") a trust company licensed in all 50 states under a national bank charter. Under the Internal Revenue Code, which authorizes the tax-advantaged status of Individual Retirement Accounts ("IRAs"), IRAs must be a trust, or a custodial account held by a bank that is treated as a trust. When a client elects to utilize LPL Financial as his or her custodian, LPL Financial will direct client's IRA assets to be held at PTC to qualify as an IRA. As such, clients may incur an annual IRA maintenance fee charged by PTC. Any annual IRA maintenance fees incurred by the client shall be in addition to the Registrant's investment management fee. PTC may set a level of assets for IRAs above which it will waive its Annual Maintenance Fee, and PTC may choose to waive its fee for certain centrally managed programs. Custodians other than LPL Financial/PTC may or may not charge an annual fee for maintaining a retirement account, and any such fee may be more or less than the fee charged by PTC. PTC may waive its annual maintenance fee for accounts in certain centrally managed programs offered by LPL Financial. Custodians other than LPL Financial/PTC may or may not waive their fees based on a level of assets maintained in the account, and the asset level or other conditions for a fee waiver may be higher or lower than the asset level set by PTC for fee waiver.

#### I. CALCULATION OF ADVISORY FEES

Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Registrant does not generally require an annual minimum fee or asset level for investment advisory services. However, Registrant, in its sole discretion, may reduce its annual minimum fee and/or charge a lesser investment management 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.). The Registrant may participate in programs sponsored by other entities that require a minimum asset level or that charge a minimum fee, and clients should be aware that the imposition of minimum fees by another entity may result in a higher fee being charged than is described in this brochure, particularly where partial withdrawals by the client reduce asset levels.

The Investment Advisory Agreement between the Registrant 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. Following receipt of notice of termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

#### J. COMMISSION TRANSACTIONS

In the event that the client desires, the client can engage certain of the Registrant's representatives, in their individual capacities as registered representatives of LPL Financial, an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through LPL Financial, LPL Financial will charge brokerage commissions to effect securities transactions, a portion of which commissions LPL Financial shall pay to the LPL registered representatives who effectuated the purchase. Any payment of commissions to representatives of the Registrant would be through their role as registered representatives of LPL Financial, and the Registrant would receive no part of those commissions.

The brokerage commissions charged by LPL Financial may be higher or lower than those charged by other broker-dealers. In addition, LPL Financial, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment in a brokerage relationship, and the Registrant's representatives who are dually registered persons may receive a portion of those additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company in their roles as registered representatives of LPL Financial.

1. Conflict of Interest: The recommendation that a client purchase a commission product from LPL Financial presents a conflict of interest to a dually registered person, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received in his or her role as a registered representative of LPL Financial, rather than on a particular client's need. No client is under any obligation to purchase any commission products from LPL Financial..
2. Please note: Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services. However, a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis.

In addition to the fees charged by the Registrant, clients may incur brokerage, custodial or mutual fund fees and expenses. Some investments may have additional fees embedded within the product. Please discuss your individual account with your investment advisor representative. For additional information, please see Item 12-Brokerage Practices.

In addition to advisory fees, investment advisor representatives who are dually registered persons and/or licensed as insurance agents or brokers may receive additional compensation. These individuals may implement investment recommendations for advisory clients and receive separate yet customary compensation including, commissions, 12b-1 fees or other transaction related compensation. These additional fees and expenses will increase the overall investment cost to the client.

Receipt of these commissions may present a conflict of interest and it may give the Registrant and the investment advisor representative an incentive to recommend an investment product based on the compensation received. The Registrant addresses this conflict by disclosing to clients brokerage and other expenses. Clients will receive notification of brokerage commissions charged by the broker-dealer through which the transactions are effected.

The Registrant endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the Registrant in and of itself creates a conflict of interest and may indirectly influence the Registrant's choices for investments, custody and brokerage services, and that the receipt of economic benefits by representatives of the Registrant in and of itself creates a conflict of interest and may indirectly influence the Registrant's choices for investments, custody and brokerage services.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## Item 7 Types of Clients

The Registrant's clients shall generally include individuals, business entities, trusts, pension & profit-sharing plans, estates and charitable organizations. The Registrant does not generally require an annual minimum fee or minimum asset level for investment advisory services. Certain investment programs or investment products may require annual minimum fees or minimum asset levels for participation. Clients should thoroughly review disclosure materials or brochures and consult with their representative about implications of such minimum requirements before investing in such programs or products.

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

A. The Registrant may utilize the following methods of security analysis:

- i. **Charting** - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- ii. **Fundamental** - (analysis performed on historical and present data, with the goal of making financial forecasts)
- iii. **Technical** – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- iv. **Cyclical** – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)
- v. The Registrant may utilize the following investment strategies when implementing investment advice given to clients:
  - a. Long Term Purchases (securities held at least a year)
  - b. Short Term Purchases (securities sold within a year)
  - c. Trading (securities sold within thirty (30) days)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values.

There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading is an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, and involves a very short investment time period. A trading strategy will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

C. Currently, the Registrant allocates client investment assets primarily among various individual equity and fixed income securities, mutual funds and/or exchange traded funds ("ETFs") (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), on a discretionary and non-discretionary basis in accordance with the client's designated investment objectives and risk tolerances.



As disclosed above, the Registrant may utilize leveraged long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his or her or its accounts. (See Item 4.B)

## Item 9 Disciplinary Information

The Registrant does not have any reportable disciplinary information.

## Item 10 Other Financial Industry Activities and Affiliations

A. Certain of the Registrant's investment advisor representatives are also associated with LPL Financial as broker-dealer registered representative ("dually registered persons"). LPL Financial is an SEC registered and FINRA member broker-dealer that is independently owned and operated and is not affiliated with the Registrant. Please refer to Item 12 for a discussion of the benefits that dually registered persons may receive from LPL Financial and the conflicts of interest associated with receipt of such benefits.

B. Neither the Registrant, nor its management persons, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

### C. REGISTRANTS' REPRESENTATIVES OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

1. **Registered Representatives of LPL Financial.** Certain of Registrant's representatives are registered representatives of LPL Financial, an SEC Registered and FINRA member broker-dealer. Clients may choose to engage Registrant's representatives in their individual capacities as registered representatives of LPL Financial, to implement investment recommendations on a commission basis.
2. **Licensed Insurance Agents.** Certain of Registrant's representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Registrant's representatives to purchase insurance products on a commission basis. Conflict of Interest: The recommendation by Registrant's representatives that a client purchase a securities and/or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. Clients are reminded that they may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or insurance agents.
3. **Accountants and Certified Public Accountants.** Certain of Registrant's representatives are accountants and Certified Public Accountants and Enrolled Agents. To the extent that these representatives provide accounting services, which may include tax advice, to any clients, including clients of the Registrant.

All such services shall be performed by those representatives, in their individual professional capacities, independent of the Registrant, for which services Registrant shall not receive any portion of the fees charged by the representative, referral or otherwise. It is expected that these representatives, solely incidental to their practices as accountants, may recommend the Registrant's services to certain of their clients. No client of Registrant is under any obligation to use the accounting services of these representatives.

4. To determine whether any of the Registrant's representatives servicing a client's accounts are engaged in any activities that may create a conflict of interest, clients should review the Part 2B Brochure Supplements for those representatives. Please contact the Registrant or your representative if you did not receive Part 2B Brochure Supplements.

Clients of the Registrant have their primary contact with a representative of the Registrant who brings them onboard as a Client. The representative may recruit the Client while with the Registrant, or may have recruited them while the representative was affiliated with a previous broker-dealer or registered investment advisor, and induced the Client to continue that relationship with the representative when the representative became affiliated with the Registrant.

D. The Registrant may recommend or select other investment advisors for its clients generally through Third Party Asset Management Programs ("TAMPs"). LPL Financial makes available advisory services and programs of third party investment advisors. Through these TAMPs, the Registrant's representatives provide ongoing investment advice to clients that is tailored to the individual needs of the client. As part of these TAMP services, the

representative typically obtains the necessary financial data from the client, assists the client in determining the suitability of the program, assists the client in setting an appropriate investment objective and assists the client in opening an account with the TAMP. In addition, depending on the type of program, the representative may assist the client to select a model portfolio of securities designed by the TAMP or select a portfolio management firm to provide discretionary asset management services. It is the third party investment advisor (and not Registrant's representative) that has client authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to investment objective chosen by the client. This authorization will be set out in the TAMP client agreement. The Brochure for the particular TAMP will explain whether clients may impose restrictions on investing in certain securities or types of securities. to negotiate fees, etc., on behalf of its Clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and its representatives may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and its representatives are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities.

In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requests that an Access Person of the Registrant provides the Chief Compliance Officer with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person provides the Chief Compliance Officer with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects.

- D. The Registrant and its representatives may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and its representatives are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12 Brokerage Practices**

The Registrant recommends to all clients that all client investment funds be held by a broker-dealer or custodian in investment accounts identified individually to the client and about which the client will receive regular statements from the broker-dealer or custodian. The Registrant does not accept engagements with clients where client funds are pooled into an omnibus account. See Item 15.

Clients may open brokerage accounts or advisory accounts, or some combination of each type of account based on their individual needs. Dually registered persons may not be registered with a broker-dealer other than LPL Financial, and may not hold brokerage accounts away from LPL Financial. Dually registered persons may only custody accounts away from LPL Financial with permission from LPL Financial which may limit a client's choice of a broker-dealer or custodian.

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

Factors that the Registrant considers in recommending LPL Financial and/or PTC (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and transaction fees paid by Registrant's clients shall comply with the Registrant'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 the Registrant determines, in good faith, that the commission and 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 Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer or custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant'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. Custodians may make various share classes of mutual funds available to the Registrant and its clients. Even though multiple share classes are available from an investment product sponsor, a custodian may only make available a single share class or a limited number of share classes on its platform. The Registrant will select for purchase only share classes that are no-load or load-waived share classes and therefore not subject to any upfront sales charge paid to the investment sponsor, but may be subject to a transaction fee paid to the custodian. Custodians may not choose to offer the least expensive share class that an investment product sponsor makes available, but instead may select a share class that pays the custodian compensation for the administrative and recordkeeping services that the custodian provides to the investment product sponsor. Other custodians and financial services firms may offer the same mutual fund at a lower overall cost to the investor than is available through the Registrant or a particular custodian and the client should consider these factors in deciding between types of investments, types of investment products and types of investment accounts. In reviewing mutual fund share class holdings in existing portfolios, the Registrant evaluates the transaction costs of switching between share classes and the investment horizon of the client to determine whether a client will benefit from a particular transaction.

As discussed previously in Item 10, certain associated persons of the Registrant are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about the Registrant's clients, even if client does not establish any account through LPL Financial.

If you would like a copy of the LPL Financial privacy policy, please visit [www.lpl.com](http://www.lpl.com).

The final decision to custody assets with a particular broker-dealer is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. The Registrant is independently owned and operated and not affiliated with any broker-dealers.

#### 1. RESEARCH & ADDITIONAL BENEFITS

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer or custodian, Registrant may receive from LPL Financial, without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

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

Registrant's clients do not pay more for investment transactions effected or assets maintained at LPL Financial or PTC as a result of this arrangement. There is no corresponding commitment made by the Registrant to LPL Financial, PTC or any custodians 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.

Custodians also make available to the Registrant other products and services that benefit the Registrant but may not benefit its clients' accounts. These benefits may include national, regional or Registrant-specific educational events organized and/or sponsored by the custodian. Other potential benefits may include occasional business entertainment of personnel of the Registrant by the custodian, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other such products and services assist the Registrant in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Registrant's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Registrant's accounts, including accounts not maintained at the particular custodian. The custodian also may make

available to the Registrant other services intended to help the Registrant manage and further develop its business enterprise. These services may include professional, compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, custodians may make available, arrange and/or pay vendors for these types of services rendered to the Registrant by independent third parties. The custodian may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Registrant. The Registrant's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to the Registrant of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

From time to time, certain representatives of the Registrant or groups of those representatives may receive specific benefits from broker-dealers generally for those representatives to custody client assets with those broker-dealers at a time when those representatives are changing their affiliations. LPL Financial provides transition assistance payments in the form of forgivable and non-forgivable loans to certain representatives of the Registrant who are also registered representatives of LPL Financial. All such transition assistance payments are made to those persons in their capacities as registered representatives of LPL Financial.

2. The Registrant does not receive referrals from broker-dealers.
  3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). The Registrant's representatives who are also registered representatives of LPL Financial are not able to participate in brokerage arrangements away from LPL Financial. In addition, the Registrant has determined to follow a policy of holding client assets in individual accounts that are identified to the client, instead of in an omnibus account in the Registrant's name, to increase transparency and security for clients, but at the cost of reducing the Registrant's capability and leverage to negotiate brokerage arrangements. In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better pricing from other broker-dealers or be able to "bunch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. In addition, custodying client assets in individually identified accounts at specific custodians may limit the choice of investment products, such as classes of mutual funds that are available on that custodian's platform and may result in a client not being able to invest in particular investment products or paying higher transaction fees based on the products that are made available. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Please Note: In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause 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 that may be available through Registrant.
- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

C. OPENING INDIVIDUAL BROKERAGE OR ADVISORY ACCOUNTS WITH LPL FINANCIAL OR ANOTHER CUSTODIAN

The Registrant's investment advisor representatives will generally assist clients in establishing brokerage accounts and/or advisory accounts with LPL Financial or another custodian to maintain custody of clients' assets and to effect trades for their accounts. LPL Financial provides brokerage and custodial services to independent investment advisory firms, including the Registrant. For the Registrant's accounts custodied at LPL Financial, LPL Financial generally is compensated by clients through commissions, trails, or other transaction-based fees for trades that are executed through LPL Financial or that settle into LPL Financial accounts. In order for IRA accounts to qualify as for tax-favorable treatment under section 408(h) of the Internal Revenue Code, LPL Financial arranges for them to be held in custodial accounts with PTC, a banking subsidiary of LPL, and PTC charges an annual account maintenance fee for its services. In addition, LPL Financial also charges clients miscellaneous fees and charges, such as account transfer fees. LPL Financial may charge certain dually registered persons an asset-based administration fee for administrative services provided by LPL Financial. Such administration fees are not directly borne by clients, but may be taken into account when the dually registered persons negotiate the advisory fee with a client.

While LPL Financial does not participate in, or influence the formulation of, the investment advice that the Registrant provides, certain supervised persons of the Registrant are dually registered persons. Dually registered persons are restricted by certain FINRA rules and policies from

maintaining client accounts at another custodian or executing client transactions in such client accounts through any broker-dealer or custodian that is not approved by LPL Financial. As a result, the use of other trading platforms by dually registered persons must be approved not only by the Registrant, but also by LPL Financial.

Clients should also be aware that for accounts where LPL Financial serves as the custodian, the Registrant is limited to offering services and investment vehicles that are approved by LPL Financial, and may be prohibited from offering services and investment vehicles that may be available through other broker-dealers and custodians, some of which may be more suitable for a client's portfolio than the services and investment vehicles offered through LPL Financial. Clients should also be aware that dually registered persons are limited to offering services and investment vehicles that are approved by LPL Financial, even if those services or investment vehicles are offered on a custodial platform away from LPL Financial where the client maintains an account.

Clients should understand that not all investment advisors require that clients custody their accounts and trade through specific broker-dealers, or even recommend that clients custody their accounts and trade through specific broker-dealers. Clients should also understand that not all investment advisors have representatives who are dually registered persons. Clients should also understand that not all investment advisors have a policy of maintaining client assets in individually identified accounts.

Clients should also understand that LPL Financial is responsible under FINRA rules for supervising certain business activities of the Registrant and its dually registered persons that are conducted through broker-dealers and custodians other than LPL Financial. LPL Financial charges a fee for its oversight of activities conducted through these other broker-dealers and custodians. This arrangement presents a conflict of interest because the Registrant and its dually registered persons have a financial incentive to recommend that clients maintain their accounts with LPL Financial rather than with another broker-dealer or custodian to avoid incurring the oversight fee.

#### D. BENEFITS RECEIVED BY THE REGISTRANT'S PERSONNEL

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

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

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

The products and services described above are provided to the Registrant as part of its overall relationship with LPL Financial. While as a fiduciary the Registrant endeavors to act in its clients' interest at all times, the receipt of these benefits creates a conflict of interest because any advice from the Registrant's that leads clients to custody their assets at LPL Financial is based in part on the benefit to the Registrant of the availability of the foregoing products and services and not solely on the nature, cost or quality of custody or brokerage services provided by LPL Financial. The Registrant's receipt of some of these benefits may be based on the amount of the Registrant's advisory assets custodied on the LPL Financial platform. The receipt of some of these benefits by a dually registered person is based on that person's relationship with LPL Financial and is provided to him or her through his or her role as a registered representative of LPL Financial.

#### E. TRANSITION ASSISTANCE BENEFITS

LPL Financial provides various benefits and payments to dually registered persons that are new to the LPL Financial platform to assist the dually registered person with the costs (including foregone revenues during account transition) associated with transitioning his or her business to the LPL Financial platform (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the dually registered person's business, satisfying any outstanding debt owed to the dually registered person's prior firm, offsetting account transfer fees (ACATs) payable to LPL Financial as a result of the dually registered person's clients transitioning to LPL Financial's custodial platform, technology set-up fees, marketing and mailing costs, stationery and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.



The amount of the Transition Assistance payments are often significant in relation to the overall revenue earned or compensation received by the dually registered person at his or her prior firm. Such payments are generally based on the size of the dually registered person's business established at his or her prior firm and/or assets under custody on the LPL Financial. Please refer to the relevant Part 2B Brochure Supplement for more information about the specific Transition Payments a specific dually registered person is receiving.

Transition Assistance payments and other benefits are provided to dually registered persons in their capacity as registered representatives of LPL Financial. However, the receipt of Transition Assistance by such dually registered persons creates a conflict of interest relating to the Registrant's advisory business because it creates a financial incentive for the Registrant's representatives to recommend that its clients maintain their accounts with LPL Financial. In certain instances, the receipt of such benefits is dependent on a dually registered person maintaining his or her clients' assets with LPL Financial, or maintaining a certain level or client assets with LPL Financial, and therefore the Registrant and its representatives have an incentive to recommend that clients maintain their account with LPL Financial in order to generate such benefits.

The Registrant attempts to mitigate these conflicts of interest's by evaluating and recommending that clients use LPL Financial's services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by any particular dually registered. The Registrant considers LPL Financial's historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service when recommending or requiring that clients maintain accounts with LPL Financial. The Registrant does not receive any part of the Transition Assistance paid to dually registered persons, but the Registrant benefits from the Transition Assistance paid by LPL Financial to dually registered persons because the payment of such Transition Assistance increases the Registrant's ability to attract new dually registered persons and thereby increase its assets under management. However, clients should be aware of this conflict and take it into consideration in making a decision whether to engage the Registrant for investment advice and whether to custody their assets in a brokerage or advisory account at LPL Financial.

### Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant and its representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant will conduct ad hoc account reviews based upon the occurrence of select triggering events, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. 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. The Registrant will provide a written periodic report summarizing account activity and performance if requested by the client.

### Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from LPL Financial. The Registrant, without cost (and/or at a discount), may receive support services and/or products from LPL Financial. Registrant's clients do not pay more for investment transactions effected and/or assets maintained at LPL Financial as a result of this arrangement. There is no corresponding commitment made by the Registrant to LPL Financial 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. Other broker-dealers, such as Schwab and TD Ameritrade, may also provide similar indirect economic benefits, support services and products, and do not require higher payments or fees or minimums.
- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant may pay 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 the Registrant's investment management fee, and shall not result in any additional charge to the client. 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 the Registrant's written disclosure document and with a copy of the written disclosure statement disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.
- C. If the Registrant introduces a client to another investment advisor or an investment manager, the Registrant may be paid a referral or solicitor 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 according to a fee disclosure statement provided to the client at the time that the referral is made. When the Registrant is acting as an unaffiliated solicitor, the Registrant, at the time of the solicitation, shall disclose the nature of its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written disclosure documents and with a copy of a written disclosure statement disclosing

the terms of the solicitation arrangement between the Registrant and the investment advisor or investment manager, including the compensation to be received by the Registrant.

The Registrant and its dually registered persons have a financial incentive to join and remain affiliated with LPL Financial and to recommend that clients establish accounts with LPL Financial through the provision of Transition Assistance (discussed in Item 12 above). LPL Financial also provides other compensation to the Registrant and its dually registered persons, including but not limited to, bonus payments, forgivable and non-forgivable loans, stock awards and other benefits.

The receipt of any such compensation creates a financial incentive for your representative to recommend LPL Financial as custodian for the assets in your advisory account. We encourage you to discuss any such conflicts of interest with your representative before making a decision to custody your assets at LPL Financial.

## Item 15 Custody

The Registrant does not have custody of client funds or securities—except in the circumstances detailed below. All client investment funds are held by a broker-dealer or custodian in accounts identified individually to the client and about which the client will receive regular statements. Any funds being deposited for investment should be payable to the broker-dealer or custodian where the account is held, not to the Registrant or one of its investment advisor representatives. Although consolidating client assets in an omnibus account could create some marketplace advantages, the Registrant has determined to adopt a policy of using individual client accounts at an independent custodian to provide greater security and transparency to its clients.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer, custodian or program sponsor for the client accounts. The Registrant has the ability to have its advisory fee for each client debited by the custodians on a quarterly basis. Where the Registrant has the ability to have its fees debited in this manner, it is deemed to have custody, but is not subject to surprise audit. In some cases, payment of fees may be made directly to the Registrant by clients, but never to investment advisor representatives.

The Registrant may also provide a written periodic report summarizing account activity and performance. Please Note: To the extent that the Registrant provides clients with periodic account statements or reports, clients are urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. Please Also Note: The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

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

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment advisor, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment advisor has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment advisor maintains records showing that the third party is not a related party of the investment advisor or located at the same address as the investment advisor.
- 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

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client executes an Investment Advisory Agreement, naming the Registrant as the client's agent and attorney-in-fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, in writing, on the Registrant'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 the Registrant's use of margin, etc.).

## Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## Item 18 Financial Information

- A. The Registrant is not required to include its balance sheet for the most recent fiscal year.
- B. The Registrant is unaware of any financial condition that is likely to impair its ability to meet its commitments to clients.
- C. The Registrant has not been the subject of a bankruptcy petition.

The Registrant's Chief Compliance Officer, Matthew Swendiman remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements. Should you have any questions, please contact Mr. Swendiman at (513) 562-1675 .