

**Strategent Financial, LLC**  
**ADV Part 2A, Firm Brochure**

185 Neff Avenue, Suite 102  
Harrisonburg, VA 22801  
Phone: (540) 437-1222  
Fax: (540) 437-1299  
[info@strategentfinancial.com](mailto:info@strategentfinancial.com)  
[www.strategentfinancial.com](http://www.strategentfinancial.com)

**March 26, 2020**

This Brochure provides information about the qualifications and business practices of Strategent Financial, LLC. If you have any questions about the contents of this brochure, please contact Dale S. Lam, Managing Member and Chief Compliance Officer, by telephone at (540) 437-1222 or by email at [dalelam@strategentfinancial.com](mailto:dalelam@strategentfinancial.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 Strategent Financial, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number. Strategent Financial, LLC's CRD Number is 148173 and its SEC File number is 801-112356.

References herein to Strategent Financial, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training

## Item 2: Summary of Material Changes

---

There have been no material changes to this ADV Part 2A, Firm Brochure since the February 13, 2019 Annual Update filing.

### Full Brochure Available

Strategent Financial, LLC's Form ADV may be requested at any time, without charge by contacting Dale S. Lam, Managing Member and Chief Compliance Officer, at 540-437-1222 or [dalelam@strategentfinancial.com](mailto:dalelam@strategentfinancial.com) or by going on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number. Strategent Financial, LLC's CRD Number is 148173.

## Item 3: Table of Contents

---

Item 1: Cover Page	1
Item 2: Summary of Material Changes	2
Item 3: Table of Contents	2
Item 4: Advisory Business	3
Item 5: Fees and Compensation	8
Item 6: Performance-Based Fees and Side-by-Side Management	10
Item 7: Types of Clients	11
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	11
Item 9: Disciplinary Information	14
Item 10: Other Financial Industry Activities and Affiliations	14
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	15
Item 12: Brokerage Practices	16
Item 13: Review of Accounts	19
Item 14: Client Referrals and Other Compensation	19
Item 15: Custody	20
Item 16: Investment Discretion	21
Item 17: Voting Client Securities	21
Item 18: Financial Information	21

## **Item 4: Advisory Business**

---

### **Firm Description**

Strategent Financial, LLC (“Strategent” or the “Firm”) was founded in July 2008 by Dale S. Lam. Mr. Lam is the principal owner of the Firm, which primarily provides wealth management services to individuals and families. The Firm also provides advice to other entities such as pension and profit sharing plans, trusts, estates, and corporations.

Strategent is a fee-only financial services firm. The Firm does not make commissions from selling annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The Firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder’s fees are accepted.

### **Types of Advisory Services**

Strategent offers the following types of advisory services:

#### **Wealth Management**

Wealth Management is the primary service offered by Strategent. A long term financial strategy is developed through the continuing, collaborative relationship with the client. This integrated service includes discretionary portfolio management and a broad range of topics such as: financial planning, tax efficiency, charitable gifting, estate considerations, college planning, risk / insurance management, wealth transfer and other special needs. This service is generally targeted towards accounts with a minimum of \$800,000 in assets under management with the Firm and fees are based on a percentage of the assets under management.

Strategent’s portfolio management is based on the individual needs of the client developed through personal discussions in which goals and objectives are established. Strategent develops a client’s personal investment plan and creates and manages a portfolio based on that policy. Strategent will manage wealth management accounts on a discretionary basis only. Account supervision is guided by the agreed upon investment plan.

Strategent will provide wealth management services and will not provide custody of securities or other administrative services except as indicated in Item 15 below. All client assets will be managed within their designated brokerage account or pension account, pursuant to the agreement.

#### **Financial Planning**

On a limited basis, Strategent will provide financial planning services to clients that are not wealth management clients of the Firm. Financial planning services address the specific needs of the client and may include any or all of the following areas of concern: personal financial planning, education planning, income tax and cash flow analysis, death and disability analysis, retirement planning, investment review, estate planning, and insurance analysis.

Depending on the service being provided, financial planning clients may receive a written report, providing a detailed financial plan designed to achieve their stated financial goals and objectives.

If a client chooses to implement the recommendations of the financial planning service, Strategent suggests the client work closely with his/her attorney, accountant, insurance agent, and/or financial advisor. Implementation of the recommendations is entirely at the client's discretion.

### **Retirement Plan Advisory Services**

Stragent provides retirement plan advisory services to the sponsors of company retirement plans. Strategent serves as a 3(21) Fiduciary in support of the sponsoring employer. Strategent provides the following Plan Fiduciary Services pursuant to the terms of the Advisor's agreement with each sponsoring employer:

- Investment Policy Statement ("IPS")
- Investment Recommendations
- Investment Monitoring and Performance Reporting
- Ongoing Investment Recommendation and Assistance
- ERISA 404(c) Assistance
  - Menu Diversification
  - Selection of Qualified Default Investment Alternative
- Communication and Education
  - Education Services to Plan Committee
  - Informational Meetings and Participant Education

### **Portfolio Construction Overview**

Stragent will create a portfolio consisting of some combination of the following, depending on the particular needs of the client: no-load or load-waived mutual funds, exchange traded funds ("ETFs"), individual equities, bonds, certificates of deposit or other investment products. Strategent will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. Mutual funds and ETFs will be selected on the basis of any or all of the following criteria: the asset class targeted by the fund, the fund's adherence to the stated investment goals, the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities.

In certain limited cases for qualified clients, Strategent may recommend or provide investment advice about unaffiliated private investment funds. Strategent's role relative to the private investment funds is limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the funds will be included as part of "assets under

management” for purposes of Strategent calculating its investment advisory fee. Strategent’s clients are under absolutely no obligation to consider or make an investment in a private investment funds. If Strategent bills an investment advisory fee based upon the value of private investment funds or otherwise references private investment funds owned by the client on any account reports, the fund value will be based most recent valuation provided by the fund sponsor. The current value of any private investment fund could be significantly more or less than the original purchase price or the price.

### **Wrap Fee Programs**

Strategent does not participate in a wrap fee program.

### **Assets Under Management**

As of December 31, 2019, Strategent managed \$163,910,370 in client assets on a discretionary basis.

### **Miscellaneous Disclosures**

Limitations of Consulting/Implementation Services. To the extent specifically requested by the client, Strategent may provide limited consultation services to its clients related to investment and non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Strategent, nor any of its representatives, serves as an attorney, accountant, or insurance agent and no portion of Strategent’s services should be construed as legal, accounting, or insurance implementation services. Accordingly, Strategent does not prepare estate planning documents or tax returns on behalf of clients, nor does it sell insurance products. Unless specifically agreed in writing, neither Strategent nor its representatives are responsible to: implement any financial plans or financial planning advice; provide ongoing financial planning services; or provide ongoing monitoring of financial plans or financial planning advice. The client is solely responsible to revisit the financial plan or financial planning advice with Strategent, if desired. The client retains absolute discretion over all financial planning and related implementation decisions, and is free to accept or reject any recommendation from Strategent and its representatives in that respect. To the extent requested by a client, Strategent may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). Clients are under no obligation to engage the services of any recommended professional, who shall be solely responsible for the quality and competency of the services they provide. If the client engages any unaffiliated recommended professional, and a dispute arises related to the engagement, the client should seek recourse exclusively from and against the engaged professional.

Client Obligations. In performing its services, Strategent 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 the client’s responsibility to promptly notify Strategent if there is ever any change in the client’s financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Strategent’s previous recommendations and/or services.

Retirement Plan Rollovers – No Obligation / Potential for Conflict of Interest. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Strategent recommends that a client roll over their retirement plan assets into an account to be managed by Strategent, such a recommendation creates a conflict of interest if Strategent will earn a new (or increase its current) advisory fee as a result of the rollover. No client is under any obligation to roll over retirement plan assets to an account managed by Strategent. Strategent's Chief Compliance Officer, Dale S. Lam, remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by such a rollover recommendation.

Availability of Mutual Funds and Exchange Traded Funds. While Strategent may allocate investment assets to mutual funds and ETFs that are not available directly to the public, Strategent may also allocate investment assets to publicly-available mutual funds and ETFs that the client could purchase without engaging Strategent as an investment adviser. However, if a client or prospective client determines to purchase publicly-available mutual funds or ETFs without engaging Strategent as an investment adviser, the client or prospective client would not receive the benefit of Strategent's initial and ongoing investment advisory services with respect to management of the asset. Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through selected registered investment advisers. Strategent may allocate client investment assets to DFA mutual funds. Therefore, upon the termination of Strategent's services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply.

In addition, Dale S. Lam, Managing Member and Chief Compliance Officer's son is employed by DFA. However, Mr. Lam's son does not have a working relationship with Strategent. There is no connection between Mr. Lam's son's compensation and the amount of assets Strategent allocates to DFA, nor is there a connection between Mr. Lam's son's employment with DFA and Strategent's selection of DFA funds for its clients when it deems it appropriate.

Portfolio Trading Activity. As part of its investment advisory services, Strategent will review client portfolios on an ongoing basis to determine if any trades are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when Strategent determines that trades within a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account trading inactivity.

Cash Positions. Strategent may maintain cash and cash equivalent positions (such as money market funds) for defensive and liquidity purposes. Unless otherwise agreed in writing, all such cash positions are included as part of assets under management for purposes of calculating Strategent's advisory fee.

Margin / Securities Based Loans. Upon client request, Strategent may provide information about a margin loan or a securities based loan (collectively, "SBLs") with the client's broker-dealer/custodian or their affiliated banks (each, an "SBL Lender"), and help the client establish an SBL to access cash flow. For example, clients may seek to borrow money on margin to pay bills or other expenses such as financing the purchase, construction, or maintenance of a real estate project. Unlike a traditional real estate-backed loan, an SBL has the potential benefit of: enabling borrowers to access funds in a shorter period of time, providing greater repayment flexibility, and may also result in the borrower receiving certain tax benefits. Clients interested in learning more about the potential tax benefits of borrowing money on margin should consult with an accountant or tax advisor. The terms and conditions of each SBL are contained in a separate agreement between the client and the SBL Lender selected by the client, which terms and conditions may vary from client to client. Borrowing funds on margin is not suitable for all clients and is subject to certain risks, including but not limited to: increased market risk, increased risk of loss, especially in the event of a significant downturn; liquidity risk; the potential obligation to post collateral or repay the SBL if the SBL Lender determines that the value of collateralized securities is no longer sufficient to support the value of the SBL; the risk that the SBL Lender may liquidate the client's securities to satisfy its demand for additional collateral or repayment / the risk that the SBL Lender may terminate the SBL at any time. Before agreeing to participate in an SBL program, clients should carefully review the applicable SBL agreement and all risk disclosures provided by the SBL Lender including the initial margin and maintenance requirements for the specific program in which the client enrolls, and the procedures for issuing "margin calls" and liquidating securities and other assets in the client's accounts.

If Strategent recommends that a client apply for an SBL instead of selling securities that Strategent manages for a fee to meet liquidity needs, the recommendation presents an ongoing conflict of interest because selling those securities (instead of leveraging those securities to access an SBL) would reduce the amount of assets to which Strategent's investment advisory fee percentage is applied, and thereby reduce the amount of investment advisory fees collected by Strategent. Likewise, the same ongoing conflict of interest is present if a client determines to apply for an SBL on their own initiative. These ongoing conflicts of interest would persist as long as Strategent has an economic disincentive to recommend that the client terminate the use of SBLs. Clients are therefore reminded that they are not under any obligation to employ the use of SBLs, and are solely responsible for determining when to use, reduce, and terminate the use of SBLs. Although Strategent seeks to disclose all conflicts of interest related to its recommended use of SBLs and related business practices, there may be other conflicts of interest that are not identified above. Clients are therefore reminded to carefully review the applicable SBL agreement and all risk disclosures provided by the SBL Lender as applicable, and contact Strategent's Chief Compliance Officer with any questions regarding the use of SBLs.

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 Strategent) will be profitable or equal any specific performance levels.

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

---

### **Compensation**

#### **Wealth Management Fees**

Stragent bases its wealth management fees on a percentage of assets under management. Wealth management services are generally designed for portfolios with a minimum of \$800,000 in assets under management. The minimum wealth management annual fee is \$10,000.

The wealth management fee is charged on a tiered basis as follows:

<u>\$ Portfolio Size</u>	<u>Annual Wealth Management Fee</u>
First \$2,000,000	1.00%
From \$2,000,001 to \$3,000,000	0.80%
From \$3,000,001 to \$4,000,000	0.70%
From \$4,000,001 to \$5,000,000	0.60%
From \$5,000,001 to \$6,000,000	0.40%
Remaining Assets Over \$6 million	0.30%

Wealth management fees are for advisory services only and do not include any transaction fees or commissions. Wealth management fees are payable quarterly in advance. The first payment is due and payable upon receipt of the managed securities and is assessed on a pro-rata basis for partial calendar quarters. Subsequent payments are due on the first day the calendar quarter and will be based on the value of the portfolio as of the last day of the previous calendar quarter.

Once the account is established, for additions to the account over \$50,000 and withdrawals from the account of over \$50,000, fees will be charged (additions) or credited (for withdrawals) based on the pro-rata portion of the quarter remaining. No charges or credits will be made for additions or withdrawals below \$50,000 during the calendar quarter due to the immaterial nature of the associated fee.

Clients generally authorize Strategent to instruct the custodian to deduct advisory fees directly from the client account in accordance with statements prepared and submitted to the custodian by the Firm. The client may elect to pay Strategent directly for the advisory fees, but this is rare and not our preferred method of payment.



## Financial Planning Fees

Fees for financial planning services are billed at the hourly rate of \$250. The fee is due and payable upon completion of the service.

## Retirement Plan Advisory Fees

Retirement plan advisory fees are paid quarterly, in advance of each calendar quarter, pursuant to the terms of the retirement plan advisory agreement. Fees are charged at an annual rate based on the market value of assets in the Plan on the last day of the prior quarter. The minimum annual fee is \$5,000.

The retirement plan advisory fees are charged on a tiered basis as follows:

<u>\$ Portfolio Size</u>	<u>Retirement Plan Advisory Fee</u>
First \$1,000,000	0.75%
From \$1,000,001 to \$2,000,000	0.60%
Remaining Assets Over \$2,000,000	0.45%

Strategent may also offer a fixed annual rate instead of an asset-based fee. Fees are negotiable at the sole discretion of Strategent and are typically based on the size and complexity of the services provided to the Plan.

Retirement plan advisory fees will be calculated by the plan recordkeeper and automatically deducted from each Plan Participant's account or paid directly by the sponsoring employer.

## General Fee Disclosures

Strategent may negotiate the scope of services and fees in limited circumstances at its discretion. Fees may be waived or reduced for advisory personnel or employees. The Firm does not collect fees of \$500 or more for services to be performed six months or more in advance.

Either party may terminate an agreement for services provided by Strategent without penalty, upon written notice to the other. If termination occurs before the end of a calendar quarter, a pro-rata refund of unearned fees will be made to client.

Financial Planning Services – Upon advance written notice, either party may terminate the agreement for financial planning services (or other financial consultations) at any time and will be invoiced for fees due based on time and effort expended before termination. The agreement for the financial plan terminates upon delivery of the plan. At this time no refunds will be made.

Retirement Plan Advisory Services - Strategent is compensated for its retirement plan advisory services in advance of the calendar quarter in which advisory services are rendered. Either party may terminate the retirement plan advisory agreement upon receipt of ten (10) days advanced written notice to the other party. The Client shall be responsible for advisory fees up to and including the effective date of termination. Upon termination, the Advisor will refund any unearned, prepaid retirement plan advisory fees from the effective date of termination to the end of the quarter. The Client's retirement plan services agreement with the Advisor is non-transferable without the Client's written approval.

### **Other Fees**

Strategent's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and ETFs also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to Strategent's fee, and Strategent shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Strategent considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

### **Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by the client to Strategent.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

### **Commissions**

Neither Strategent nor any of its supervised persons (employees) accept compensation for the sale of securities or other investment products.

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

---

Neither Strategent nor any of its supervised persons (employees) accepts performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Strategent does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

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

---

### **Types of Clients**

Strategent's primary clients include individuals and families. The Firm also provides advice to other entities such as pension and profit sharing plans, trusts, estates, and corporations. The relative percentage of each type of Client is available on Strategent's Form ADV Part 1. These percentages will change over time.

### **Account Minimums**

Strategent's Wealth Management services are designed for relationships with a minimum account size of \$800,000. Should an account fall below \$800,000 in value, the minimum annual fee of \$10,000 is charged. The minimum annual fee for retirement plan services is \$5,000.

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

---

### **Methods of Analysis**

Strategent generally emphasizes modern portfolio theory and asset class selection in its investment strategy. For security analysis and selection, Strategent may use information from investment managers, financial service companies, data base companies, financial journals, government sources, Morningstar research software, the Internet, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission (SEC).

### **Investment Strategies**

The primary investment strategy used on client accounts is strategic asset allocation based upon the objectives stated and agreed to by the client during consultations. Modern portfolio theory is utilized, concentrating on long term performance through considerations of return correlations, standard deviations (risk) and expected returns of asset classes chosen for the portfolio. Global diversification is recommended to minimize the risk of investing in only one country or market.

Modern portfolio theory assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on the individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a

second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

Strategent primarily recommends the use of no load institutional class mutual funds, with an emphasis on low costs while achieving the desired returns of the targeted asset class. Investment manager's adherence to the stated investment objections is a primary objective, along with considerations on the tax efficiency of the fund. Strategent also allocates investment assets to ETFs, individual equities, individual bonds, and unaffiliated private investment funds in limited circumstances.

In rare circumstances, only when appropriate to the needs of the client, Strategent may recommend the use of margin transactions or option writing. Because these investment strategies involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated tolerance for risk.

### **Risk of Loss**

All investment programs, including those of Strategent, have certain risks that are borne by the investor. Investing in securities involves risk of loss that clients should be prepared to bear, including the loss of principal investment. Past performance may not be indicative of future results. 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 Strategent) will be profitable or equal any specific performance levels. Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease and client account values could suffer a loss. Without limiting the above, Strategent's clients generally face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Options Contracts Risk:** Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.
- **Margin Borrowings Risk:** The use of short-term margin borrowings may result in certain additional risks to a Client. For example, if securities pledged to brokers to secure a Client's margin accounts decline in value, the Client could be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value.
- **Mutual Fund Risk:** Mutual funds are operated by investment companies that raise money from shareholders and invest it in stocks, bonds, and/or other types of securities. Each fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).
- **Exchange Traded Fund Risk:** ETFs are marketable securities that are designed to track, before fees and expenses, the performance or returns of a relevant index, commodity, bonds or basket of assets, like an index fund.

Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to: (i) an ETF's shares may trade at a market price that is above or below its net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

- **Private Investment Fund Risk:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

## **Item 9: Disciplinary Information**

---

Strategent does not have any legal or disciplinary events to disclose that are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management.

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

---

### **Financial Industry Activities**

Strategent is not registered as a broker-dealer, and none of its management persons are registered representatives of a broker-dealer.

Neither Strategent nor any of its management persons is registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

### **Affiliations**

Neither Strategent nor any of its management persons have a material relationship or arrangement with any related person in the financial industry.

### **Other Business Activities**

Strategent and Mr. Lam also provide business consultation services to Clients on an ad-hoc basis. This service is done separate and apart from Strategent's advisory services.

Mr. Lam may receive compensation for when services are rendered. Clients are under no obligation to implement or engage Mr. Lam or the Advisor for business consultation services.

Dale S. Lam serves on the Board of Directors for Shenandoah Telecommunications, Inc., a publicly traded company in Edinburg, Virginia. Because of his position of confidence with Shenandoah Telecommunications, Dale S. Lam will abstain from providing any investment advice on the public stock of this company.

### **Other Investment Advisors**

Strategent does not recommend or select other investment advisors for its clients.

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

---

### **Code of Ethics**

Strategent employees must comply with a Code of Ethics (the “Code”) and the Prohibition of Insider Trading policy. The Code describes the Firm’s high standard of business conduct and fiduciary duty to its clients. The policies’ key provisions include:

- The fundamental Principles of openness, integrity, honesty, and trust
- Compliance with state and applicable federal securities laws
- Protection of Material Nonpublic Information
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Requirement to maintain confidentiality of client information

Dale S. Lam, Managing Member and Chief Compliance Officer, reviews all employee trades each quarter. These reviews ensure that personal trading does not affect the markets, and that clients of the Firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

All employees of Strategent must acknowledge the terms of the Code of Ethics at least annually.

Clients and prospective clients can obtain a copy of Strategent’s Code of Ethics by contacting Dale S. Lam at 540-437-1222.

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

Strategent and its employees may buy or sell securities identical to those recommended to customers for their personal portfolios. The Firm maintains a list of restricted securities that employees may not purchase or sell based upon having (or possibly having) access to inside information.

Employees are required to put the best interests of the client first. Employees must comply with the Code and the Prohibition of Insider Trading policy. The Code contains provisions reasonably necessary to deter misconduct and conflicts of interest and to detect any violation.

### **Participation or Interest in Client Transactions – Financial Interest and Principal/Agency Cross**

Strategent and its employees do not recommend to clients, or buy or sell for client accounts, securities in which they have a material financial interest.

It is Strategent's policy that the Firm will not affect any principal or agency cross securities transactions for client accounts. Strategent will also not cross trades between client accounts.

## **Item 12: Brokerage Practices**

---

### **Recommendation of Custodians**

In the event that the client requests that Strategent recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Strategent to use a specific broker-dealer/custodian), Strategent generally recommends that investment management accounts be maintained at TD Ameritrade, Inc., member FINRA/SIPC ("TD Ameritrade").

Strategent participates in the TD Ameritrade Institutional Services program, a division of TD Ameritrade. Clients may pay transaction fees to TD Ameritrade for the purchase of "no-load" or load-waived funds. Through TD Ameritrade, Strategent has access to an electronic communications network for client order entry and account information; access to the trading desk, and; receipt of duplicate client confirms and statements. TD Ameritrade also makes available other non-cash consideration for non-research products and services that benefit Strategent but may not benefit its clients' accounts. Some of these other products and services assist Strategent in managing and administering clients' accounts. These include software and other technology that provide access to client account data, facilitate trade execution, pricing information and market data, assistance with back-office support, recordkeeping, and client reporting including consolidated statements. TD Ameritrade may also provide other services (or offer discounts on services provided by third party vendors) intended to help Strategent manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing.

Before engaging Strategent to provide investment management services, the client will be required to enter into a formal agreement with Strategent setting forth the terms and conditions under which Strategent shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Strategent considers in recommending TD Ameritrade (or another broker-dealer/custodian) include historical relationship with Strategent, financial strength,



reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Strategent's clients shall comply with Strategent's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Strategent determines, in good faith, that the commission/transaction fee is reasonable. 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 Strategent 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/custodian are exclusive of, and in addition to, Strategent's investment management fee.

### **Research and Non-Soft Dollar Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Strategent receives from TD Ameritrade (or could receive from another broker-dealer/custodian, vendor, unaffiliated investment manager, investment platform and/or fund sponsor including DFA) without cost (and/or at a discount) support services and/or products, certain of which assist Strategent to better monitor and service client accounts maintained at such institutions. The support services that Strategent can obtain may include 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 free consulting services, discounted or free travel expenses and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware or software and/or other products used by Strategent in furtherance of its investment advisory business operations.

Certain of the support services and/or products that Strategent can receive may assist Strategent in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Strategent to manage and further develop its business enterprise. The receipt of these support services and products presents a conflict of interest, because Strategent has the incentive to recommend that clients utilize TD Ameritrade as a broker-dealer/custodian based upon its interest in continuing to receive the above-described support services and products, rather than based on a client's particular need. However, Strategent's clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade as a result of this arrangement. There is no corresponding commitment made by Strategent TD Ameritrade 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.

Some investment sponsors provide due diligence events for financial advisors considering their products. The sponsors may provide expense reimbursement for travel and meal expenses for the due diligence events, but reimbursement is not contingent on the use of the investments. Dimensional Fund Advisors provides practice management advice and services to advisors interested in the services and information. Strategent

generally pays for travel expenses to participate in conferences provided by Dimensional Fund Advisors.

### **Brokerage for Client Referrals**

Strategent does not receive client referrals from broker/dealers.

### **Directed Brokerage**

TD Ameritrade provides Strategent with access to its institutional trading and custody services, which are typically not available to TD Ameritrade retail investors. These services generally are available to independent investment advisors approved to be on TD Ameritrade's institutional platform at no charge to them. These services are not otherwise contingent upon Strategent committing to TD Ameritrade any specific amount of business (assets in custody or trading commissions). TD Ameritrade's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Strategent client accounts maintained in its custody, TD Ameritrade generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through TD Ameritrade or that settle into TD Ameritrade accounts.

### **Client Directed Brokerage**

The client may direct Strategent to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and Strategent will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealers with orders for other accounts managed by Strategent. By directing brokerage, the 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. Not all advisers require or allow their clients to direct brokerage.

### **Trade Aggregation**

Strategent does not typically aggregate or block trades as most trades are mutual funds or exchange-traded funds where trade aggregation does not typically obtain any client benefit.

On limited occasions, block trades may occur for client accounts and accounts for Strategent or its employees may be included in the block trade with client accounts. When this aggregation occurs, it is generally for fixed income trades. Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. If the order is filled at different prices during the day, the prices are averaged for the day so that all participating accounts receive the same price. If an order has not been filled completely so that there are not enough shares to allocate

among all the clients equally, shares will be allocated in good faith, based on the following considerations: amount of cash in the account, existing asset allocation and industry exposure, risk profile, and type of security. All clients participating in each aggregated order shall receive the average price and subject to minimum ticket charges, pay a pro-rata portion of commissions.

Strategent's allocation procedure seeks to be fair and equitable to all clients with no particular group or clients being favored or disfavored over any other clients or employees.

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

---

### **Wealth Management Services – Reviews**

Strategent's representatives, under the supervision of Dale S. Lam, Managing Member and Chief Compliance Officer, review client portfolios quarterly for adherence to the stated investment plan and for selection of securities.

The review includes comparing the portfolio and current security positions with the goals and objectives as outlined by the investment plan, reviewing changes to the client's investment circumstances, evaluating the specific holdings, and re-balancing the portfolio if appropriate.

### **Review Triggers**

Other conditions that may trigger a review are changes in market, political or economic conditions, tax laws, new investment information, and changes in a client's own situation.

### **Reporting**

Each month, the custodian provides clients with an account statement for each client account, which may include individual holdings, cost basis information, deposits and withdrawals, accrued income, dividends, and performance. In addition, the custodian provides clients with trade confirmations for each position bought and sold.

Strategent also provides clients with a written quarterly report including an account statement that identifies the current positions as of the reporting date, the current value, capital contributions and withdrawals, and percentage weighting within the portfolio of each security. A performance summary is also provided for the portfolio during the most recent quarter, year-to-date, and twelve-month cycle.

### **Financial Planning Services – Reviews and Reporting**

Financial planning and consulting clients will be reviewed as contracted for at the inception of the engagement, with reviews and reports generally only performed once.

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

---

## **Other Compensation – Brokerage Arrangements**

As referenced in Item 12 above, Strategent receives economic benefits from TD Ameritrade, including support services and/or products without cost or at a discount, that benefit Strategent but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Strategent accounts, including accounts not maintained at TD Ameritrade.

TD Ameritrade's products and services that assist Strategent in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Strategent fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting. Strategent's clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade as a result of this arrangement. There is no corresponding commitment made by Strategent to TD Ameritrade 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.

## **Compensation – Client Referrals**

Neither Strategent nor any related person of Strategent directly or indirectly compensates any person for client referrals.

## **Item 15: Custody**

---

### **Custody – Fee Debiting**

Stragent does not accept or maintain physical custody of any client accounts. However, Strategent is authorized to debit fees directly from the client's account at the broker dealer, bank or other qualified custodian ("Custodian") and may also be deemed to have custody based upon the services described under the "Custody-Standing Letters of Authorization" section below. All clients must place their investment assets with a qualified custodian. Client investment assets will be held with a Custodian agreed upon by the client and Strategent. The Custodian is advised in writing of the limitation of Strategent's access to the account. The Custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to Strategent.

### **Custody – Account Statements**

As described above, clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian (Custodian) that holds and maintains the client's investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the account statements or other reports that Strategent provides. Strategent statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Custody – Standing Letters of Authorization**

Strategent provides other services on behalf of its clients that require disclosure at ADV Part 1, Item 9. In particular, certain clients have signed asset transfer authorizations that permit the Custodian to rely upon instructions from Strategent to transfer client funds to “third parties.” In accordance with the guidance provided in the SEC Staff’s February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to an annual surprise CPA examination.

## **Item 16: Investment Discretion**

---

Through an agreement, Strategent generally accepts limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows Strategent to execute trades on behalf of clients. Clients may choose to open non-discretionary accounts with Strategent. In those cases, client approval will be obtained before any security is bought or sold.

Employee sponsored retirement plans such as 401k plans are not handled on a discretionary basis. In these cases, Strategent provides investment guidance to the plan sponsor and investment education to the plan participants, but the participants have discretion over their own individual investment selection.

When discretionary authority exists between Strategent and the client, Strategent has the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy client account objectives. Additionally, Strategent may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to Strategent in writing. Strategent reserves the right to refuse to open an account or terminate an account if it believes that the restrictions placed on it are excessive.

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

---

With the exception of certain legacy Clients, Strategent does not accept proxy-voting responsibilities for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

## **Item 18: Financial Information**

---

Strategent does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. Strategent is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts. Strategent has not been the subject of a bankruptcy petition.