

Item 1

Cover Page

## **Ashton Thomas Private Wealth, LLC**

*SEC File Number: 801 – 71512*

### **ADV Part 2A, Firm Brochure**

*Dated: March 25, 2020*

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Scottsdale, Arizona 85254  
(602) 732-4745

**This Brochure provides information about the qualifications and business practices of Ashton Thomas Private Wealth, LLC. If you have any questions about the contents of this Brochure, please contact us at (602) 732-4745. 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 Ashton Thomas Private Wealth, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Ashton Thomas Private Wealth, 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**

**Since Ashton Thomas Private Wealth, LLC's previous annual amendment filing on March 25, 2019 there have been no material amendments to this Firm Brochure. The Firm Brochure has been amended at Item 12 and Item 14 to disclose the firm participation in the TD Ameritrade Institutional program.**

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#### **Item 4            Advisory Business**

- A. Ashton Thomas Private Wealth (“Ashton Thomas”) is a limited liability company formed on March 10, 2010 in the State of Arizona. Ashton Thomas became registered as an Investment Adviser Firm in June 2010. Ashton Thomas is owned by Ashton Thomas Management LLC.
- B. As discussed below, Ashton Thomas offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services on a wrap-fee or non-wrap fee basis, and, to the extent specifically requested by a client, financial planning and related consulting services.

#### **AMPLIFY PLATFORM**

Ashton Thomas sponsors the Amplify Platform through which investment adviser firms and investment professionals may engage Ashton Thomas to provide back-office operational support services and/or gain access to and select from independent third-party managers available through the Amplify Platform.

Upon executing the Platform Agreement, the investment adviser firm or investment professional shall be considered a Platform Member. Platform Members may choose to receive certain back-office services, such as administrative, trading and reporting services and/or to select independent third-party managers to manage underlying client assets on a sub-advisory basis. Platform Members may choose to allocate all or a portion of their underlying client’s assets among the different independent investment managers available through the Amplify Platform on a discretionary basis.

Platform Members shall have a direct contractual relationship with each of their underlying clients and obtain, through such agreements, the authority to engage Ashton Thomas for services rendered through the Platform. Ashton Thomas engages unaffiliated investment advisers to service Platform Members as sub-advisers. Sub-advisers available through the Amplify Platform will perform discretionary investment management services and shall manage, invest and reinvest the Platform Member’s underlying client assets designated by the Platform Member. As such, a selected manager(s) shall be authorized, without prior consultation with the Platform Member or the underlying client, to buy, sell trade or allocate the underlying client’s assets in accordance with the underlying client’s investment objectives and to deliver instructions in furtherance this responsibility to the underlying client’s broker-dealer and or custodian.

Platform Members retain responsibility for the underlying client relationship, including the initial and ongoing suitability determination. Platform Members shall also retain the responsibility for implementing client investment recommendations in accordance with the Platform Member’s fiduciary duty to the underlying client. Platform Members are responsible for obtaining and furnishing information pertaining to sub-advisor selection and underlying client account guidelines along with any reasonable account restrictions.

**Please note:** Ashton Thomas’ investment adviser representatives are required to utilize the back-office support services available through the Amplify Platform. Therefore, Ashton Thomas clients may incur fees in addition to the fee associated with the advisory services provided to the client.

## INVESTMENT ADVISORY SERVICES

The client can determine to engage Ashton Thomas to provide discretionary investment advisory services on a wrap or non-wrap *fee* basis. (*See* discussion below). If a client determines to engage Ashton Thomas on a wrap fee basis, the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need. If the client engages Ashton Thomas on a non-wrap fee basis, the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, trade execution, custody).

Ashton Thomas annual investment advisory fee shall include investment advisory services, and may also include, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services, Ashton Thomas may be contracted to perform the agreed upon consultations for a fee, the dollar amount of which shall be set forth in a separate written agreement with the client (*See* FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE) in the next section).

## FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, Ashton Thomas 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 separate fee basis. Ashton Thomas' planning and consulting fees are negotiable, but generally range from \$250 to \$1,000 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 Ashton Thomas to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Ashton Thomas 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 Ashton Thomas commencing services. If requested by the client, Ashton Thomas may recommend the services of other professionals for implementation purposes, including certain of Ashton Thomas' representatives in their individual capacities as registered representatives and/or as licensed insurance agents. (*See* disclosure at Item 10C 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 Ashton Thomas. The advisory relationship ends when the planning that has been contracted has occurred and the fee has been paid by the client. In order to continue the relationship and implement any or all of the financial planning recommendations, it is necessary to enter into a continuing investment management agreement. **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 and not Ashton Thomas. Clients are also reminded that they have certain rights under state and federal laws and nothing contained above shall be deemed a waiver of those rights. **Please Also Note:** Each client is advised that it remains the client's responsibility to promptly notify Ashton Thomas if there is ever any change in client's financial situation or investment objectives for the purpose of reviewing/evaluating/revising Ashton Thomas' previous recommendations and/or services.

## NON-WRAP FEE BASIS

The client can agree to have Ashton Thomas Private Wealth, LLC provide discretionary and/or non-discretionary investment advisory services on a *fee* basis. Ashton Thomas Private Wealth, LLC's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under Ashton Thomas' management along with the unbundled separate services (i.e. trade execution and custodial charges).

## ASHTON THOMAS WRAP PROGRAM

Ashton Thomas provides investment management services on a wrap fee basis in accordance with Ashton Thomas' investment management wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure a copy of which is presented to all prospective Program participants. Under the Program, Ashton Thomas is able to offer participants discretionary investment management services, for a specified annual Program fee, inclusive of trade execution, custody and reporting fees.

All prospective Program participants should read both Ashton Thomas' Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program. Clients may select either Fidelity Investments ("*Fidelity*"), TD Ameritrade ("*Ameritrade*"), Charles Schwab & Co., Inc. ("*Schwab*") and other qualified custodians as approved by Ashton Thomas to serve as the custodian for their Program accounts.

**Please Note:** Clients who select *Ameritrade* as their custodian for their Program account shall not be responsible for commission expenses but shall be responsible for transaction costs.

Ashton Thomas' annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Ashton Thomas), Ashton Thomas may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

**Please Note:** As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by Ashton Thomas for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs. Because Program transaction fees and/or commissions are being paid by Ashton Thomas to the account custodian/broker-dealer, Ashton Thomas could have an economic incentive to minimize the number of trades in the client's account. Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the corresponding conflict of interest a wrap fee arrangement may create.

**Please Note:** Ashton Thomas may determine to utilize *Independent Manager(s)* in conjunction with its Wrap Fee Program. The fees for such managers and their services are in addition to the fees described below, however, the total advisory fee for an account utilizing these managers shall not exceed 2.99% per annum.

## RETIREMENT PLAN SERVICES

Ashton Thomas provides investment advisory and retirement plan consulting services to employer-sponsored qualified retirement savings plans (“Retirement Plans”), their sponsors (“Plan Sponsors”) and participants (“Participants”).

Ashton Thomas offers consulting and advisory services for Retirement Plans that are designed to assist Plan Sponsors in meeting their fiduciary obligations (“Retirement Plan Services”). Ashton Thomas provides ERISA investment fiduciary services and when providing ERISA investment fiduciary services, Ashton Thomas will perform those services to the plan as a fiduciary under ERISA Sections 3(21)(A)(ii) or 3(38)(B)(i) and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar service would exercise under similar circumstances.

Ashton Thomas offers the following Fiduciary Retirement Plan Services: Ashton Thomas creates, in consultation with the Plan Sponsor, an Investment Policy Statement (“IPS”) that establishes the investment policies and objectives for the Plan, and that sets forth the asset classes and investment categories to be offered under the Plan, as well as the criteria and standards for selecting and monitoring the investments. On a quarterly basis, we apply the retention protocols in reviewing the performance of plan assets relative to peers and benchmark indices, recommending changes as needed.

## MISCELLANEOUS

**Non-Investment Consulting/Implementation Services.** If requested by the client, Ashton Thomas *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Ashton Thomas, nor any of its representatives, serves as an attorney or accountant and no portion of Ashton Thomas’ services should be construed as same. To the extent requested by a client, Ashton Thomas may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of Ashton Thomas in their separate registered/licensed capacities as discussed. 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 Ashton Thomas. **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:** Each client is advised that it remains the client’s responsibility to promptly notify Ashton Thomas if there is ever any change in client’s financial situation or investment objectives for the purpose of reviewing/evaluating/revising Ashton Thomas’ previous recommendations and/or services.

**Fee Differentials.** As indicated in Item 5 below, Ashton Thomas shall price its services based upon various objective and subjective factors. As a result, Ashton Thomas’ clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, geographic differences, and the level and scope of the overall financial planning and/or consulting services to be rendered. The services to be provided by Ashton Thomas to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Sub-Account Management Services.** Ashton Thomas may be engaged to manage your variable annuity or variable life contract by selecting, monitoring and exchanging, as appropriate, sub-accounts available from the insurance company issuing the variable annuity or variable life contract.

**Please Note:** Ashton Thomas's ability to select or modify your variable annuity or variable life contract shall be limited by the selections made available by the insurance company that issued your variable annuity or variable life contract.

**Please Also Note.** You will be responsible for notifying your investment adviser representative of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however, your investment adviser representative will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives.

In the event that your investment adviser representative sold you the variable annuity and/or variable life contract in his separate capacity as a registered representative of a broker-dealer, and your investment adviser representative received commission and/or trail compensation for this transaction, Ashton Thomas will not charge a fee to manage these assets. This sales compensation is separate from and in addition to any investment advisory fee charged by Ashton Thomas.

**Alternative Investments.** Ashton Thomas may provide investment advice regarding unaffiliated alternative investments. Ashton Thomas' role relative to the alternative investments shall be limited to its initial and ongoing due diligence and investment monitoring. If a client determines to become an alternative investment investor, the amount of assets invested may be included as part of "assets under management" for purposes of Ashton Thomas calculating its investment advisory fee.

## **CONFLICTS OF INTEREST**

If requested, the client can engage certain of Ashton Thomas' representatives, in their individual capacities as broker-dealer registered representatives to implement investments on a commission basis in alternative investments. Ashton Thomas is not a broker-dealer and any such engagement would be outside the client's relationship with Ashton Thomas and at the volition of the client.

To address these **material conflicts of interest**:

1. Ashton Thomas does not recommend that clients allocate investment assets in any alternative investments in which Ashton Thomas and/or its related persons also have a financial interest;
2. Ashton Thomas does not have, nor will it exercise, any discretionary authority to place any client assets in any alternative investments in which Ashton Thomas and/or its related persons also have a financial interest;
3. Ashton Thomas reminds its clients in Form ADV where appropriate, and before they consider allocating investment assets that they are under absolutely no obligation to consider or make an investment in alternative investments;
4. Before a client allocates investment assets in any alternative investment in which Ashton Thomas and/or its related persons also have a financial interest, clients are required to sign an alternative investment acknowledgment form, which identifies the



particular alternative investment and/or alternative investment company at issue and the conflicts associated with the sale of that particular investment; and

5. Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above material conflicts of interest.

**Please Note:** The above 1-5 apply to Ashton Thomas in its capacity as a registered investment adviser. It does not exclude its representatives from offering such alternative investments in their separate individual capacities as registered representatives. Regardless, such offer presents a material conflict of interest.

**Please Note:** Alternative investments 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 alternative investment's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, alternative investments 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 alternative investment, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Valuation.** The value(s) for all alternative investments owned by the client shall reflect the most recent valuation provided by the investment sponsor or custodian. If no subsequent valuation post purchase is provided by the investment sponsor or custodian, then the valuation shall reflect initial purchase price. If the valuation reflects the initial purchase price (and/or a value as of a previous date), then the current value(s) (to the extent ascertainable) could be significantly more or less than original purchase price. If, in the rare instance that Ashton Thomas believes that it should undertake an analysis of the value provided, Ashton Thomas will base such analysis on its knowledge of the security and current market conditions, and, to the extent available/applicable, compare the value to similarly situated publicly traded companies. If Ashton Thomas receives information it deems material to the value of the alternative investment, it shall take reasonable measures to confirm such information with the investment sponsor and contact the client to communicate such information.

#### **Variable Product Model Design and Maintenance:**

Ashton Thomas Investment Advisor representatives may, upon request and in exchange for an Advisory Fee, provide investment "model" portfolio design and maintenance services to independent insurance professionals whose clients hold variable life and annuity products.

In providing this service, the universe of available variable sub-accounts within the selected Variable product will be evaluated to select the best available sub-account in most of the Morningstar Categories offered. Once each Category's sub-accounts are identified as the best available among the options, the Advisor will construct four strategically allocated "model" portfolios along a risk spectrum ("Conservative", "Moderate", "Moderately-Aggressive", and "Aggressive") using these sub-accounts, with increasing levels of equity exposure as the models' "risk" is increased.

Once constructed, the Advisor will deliver cover sheets identifying each model's objective, its allocation by percentage allocation and sub-account, and a Morningstar Snapshot Report on the portfolio in the aggregate. On a quarterly basis, the Advisor will update the Morningstar Snapshot Report with more recent investment performance data. The Advisor will also provide the

insurance professional with a Risk Profile Questionnaire for their use with their retail clients. It's understood that the Advisory service is provided to the independent insurance professional, and not to the end investor. The ATPW Advisory Associate bears no responsibility for the models' usage with any end investor, nor do they attest to the suitability of any model for any particular individual end investor.

### **IRA Rollover Considerations**

As an investment advisor we are and have acted as a fiduciary in our relationships with our clients. We follow the fiduciary standard required by the provisions of the Investment Advisor's Act of 1940. A recommendation to take a distribution from a plan or to transfer (or withdraw from) an IRA are fiduciary acts. As such, the recommendation must be prudent and in the best interest of the participant or IRA owner. Providing education regarding distribution options is an important consideration for selecting among those options. The following is a discussion of those options and consideration.

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

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

An employee will typically have four options:

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

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

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

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

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this Disclosure Brochure.

**Use of Mutual Funds:** Most mutual funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that may be recommended and/or utilized by Ashton Thomas independent of engaging Ashton Thomas as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Ashton Thomas' initial and ongoing investment advisory services.

**Independent Managers.** Ashton Thomas may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. Ashton Thomas shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Ashton Thomas shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

Certain *Independent Manager[s]* may offer their services as a Unified Managed Account (UMA) platform or as a Separately Managed Account (SMA) platform, or both.

Within an UMA platform environment, the *Independent Manager* makes available a menu of investment models and strategies maintained by Third-Party Money Managers (TPMMs). The TPMMs maintain model portfolios and provide allocation and trade instructions/signals to the *Independent Manager* of the UMA platform. The *Independent Manager* then implements the

allocation or trade instruction/signal within the client's UMA platform accounts for those clients subscribed to such TPMM's model portfolios. At no time does a TPMM on the UMA platform have any advisory relationship with the client or have control or discretion of client assets. Trade discretion lies with the *Independent Manager*, whose authority is derived from the advisory agreement in place between the client and Ashton Thomas. In addition, the *Independent Manager* has the authority to substitute any security recommended by TPMM for a security which the *Independent Manager* has determined is more suitable for the model and/or the individual client account.

Within an SMA platform environment, the *Independent Manager* makes available a menu of Portfolio Managers offered through separate accounts and managed by the Portfolio Manager. Portfolio Managers do have authority and discretion of the assets in the separately managed accounts and effect trades in such accounts in accordance with the intended objectives of their stated investment strategy. Trade discretion lies with the Portfolio Manager, whose authority is derived from the advisory agreement in place between the client and Ashton Thomas.

The *Independent Manager[s]* may offer a platform which includes both UMA and SMA services. *Independent Manager[s]* may provide other back-office and administrative services for Ashton Thomas. *Independent Manager[s]* firm disclosure brochure will be made available to you, at no charge, upon request. You may opt for Ashton Thomas to receive any *Independent Manager[s]* firm disclosure brochure on your behalf, if you so choose.

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

- C. Ashton Thomas shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Ashton Thomas shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on Ashton Thomas' services.
- D. As stated above, if the client determines to engage Ashton Thomas on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, trade execution, custody). If a client determines to engage Ashton Thomas on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody) (***See* Item 4.B**). The services included in a wrap fee agreement will depend upon each client's particular need. **Please Note:** When managing a client's account on a wrap fee basis, Ashton Thomas, after its payment of all other costs included in the wrap fee (transaction fees, custodial charges, etc.), shall retain the balance of the wrap fee as compensation for its services. Accordingly, Ashton Thomas has a conflict of interest because it has an economic incentive to minimize the number of transactions/total costs in the client's account in order to maximize its compensation.
- E. As of December 31, 2019, Ashton Thomas had \$609,247,933 in assets under management on a discretionary basis and \$9,657,908 in assets under management on a non-discretionary basis.

## Item 5      Fees and Compensation

- A. The client can engage Ashton Thomas to provide discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap fee basis. Ashton Thomas annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Ashton Thomas), Ashton Thomas may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

### AMPLIFY PLATFORM

Ashton Thomas charges a “Platform Fee” based upon the services selected and the amount of assets placed on the Amplify Platform. Ashton Thomas retains a portion of the Platform Fee as compensation for providing and administering the Amplify Platform and maintaining the relationships with the third-party vendors and managers available to Platform Members. Ashton Thomas generally charges its Platform Fee directly to the Platform Member.

The Platform Fee may or may not include custodial transaction charges depending on if the independent manager selected on the Amplify Platform provides its services on a Wrap Fee basis or not. However, the Program fee does not cover any margin interest, national securities exchange fees, charges for transactions not executed through the custodian (“tradeaway fees”), costs associated with exchanging currencies, fees and expenses charged by mutual funds or any investment company in which the assets may be invested. You should also understand that markups, markdowns and spreads charged by a dealer unaffiliated with the custodian may be included in the price of certain transactions executed on your behalf.

To the extent that a Portfolio Member engages an independent manager on a sub-advisory basis, a portion of the Platform Fee shall be paid to the independent manager as compensation for management of the underlying client’s assets designated for their management. The Platform Fee is negotiable and can range from 0.05% to 1.50%, annually, and may differ from client to client and shall vary based upon the independent manager selected from the Amplify Platform from based upon various subjective and objective factors.

**Please note:** As discussed above, Ashton Thomas’ investment adviser representatives are required to utilize the back-office support services available through the Amplify Platform. Therefore, Ashton Thomas clients may incur fees in addition to the fee associated with the advisory services provided to the client. Any such additional fee shall be clearly disclosed in the client’s agreement.

### NON-WRAP FEE BASIS

If a client engages Ashton Thomas to provide discretionary and/or non-discretionary investment advisory services on a non-wrap fee basis, Ashton Thomas’ annual investment advisory fee is negotiable and may not exceed 2.99% of the total assets placed under Ashton Thomas’ management/advisement. The fee shall be based upon the level and scope of the overall investment advisory services to be rendered, which is based upon various **objective and subjective factors**. These factors include, but are not limited to, the amount of the assets placed under the Registrant’s management, the level and scope of financial planning and consulting services to be rendered, and the complexity of the engagement. (See *Fee Differentials* discussed above).

In addition to Ashton Thomas' annual investment advisory fee, you will incur fees charged by the Sub-Adviser in addition to the investment advisory fees charged by Ashton Thomas. The Sub-Advisers' fee range is typically between 0.30% and 1.65%, and these fees are stated in the Sub-Adviser's disclosure brochure. Ashton Thomas selects and retains, utilizing the discretionary authority granted by you, third party investment advisers, as a Sub-Adviser. Third party advisers charge an investment advisory fee separate from and in addition to the investment advisory fee charged by Ashton Thomas, and there may be other third-party managers which may offer similar sub-advisory services for a fee which is more or less than charged by other third party sub-advisers.

### **ASHTON THOMAS WRAP PROGRAM**

If the client determines to engage Ashton Thomas to provide investment management services on a wrap fee basis in accordance with Ashton Thomas' Program, the services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, Ashton Thomas is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody and reporting. The current annual Program fee ranges up to 2.99%, depending upon the asset composition in the account.

Ashton Thomas, in its sole discretion, may 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.).

*Unaffiliated Independent Investment Managers:* As described in Item 4 (see "Miscellaneous – Independent Managers"), Ashton Thomas may recommend the services of unaffiliated independent investment managers. The fees for such managers and their services are in addition to the fees described above, however, the total advisory fee for an account utilizing these managers shall not exceed 2.99% per annum. The specific fee for each manager is provided in your Ashton Thomas Private Wealth, LLC Investment Advisory Agreement.

Conflict of Interest: Because Program transaction fees and/or commissions are being paid by Ashton Thomas to the account custodian/broker-dealer, Ashton Thomas has an economic incentive to minimize the number of trades in the client's account. Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the corresponding conflict of interest a wrap fee arrangement may create.

### **RETIREMENT PLAN SERVICES**

Ashton Thomas charges fees of up to 1.00% with a minimum of \$10,000 per year for its ERISA Investment Fiduciary Services. The advisory fee is detailed in the Plan Sponsor's investment advisory agreement with Ashton Thomas. The fees described above may be paid by the Plan record-keeper directly from Plan assets, accounts or investments. Alternatively, fees for retirement plan services may be billed directly to the Plan Sponsor. Our fees are negotiable. The specific manner in which fees are charged by Ashton Thomas is established in the client's written agreement with Ashton Thomas.

Asset-based fees generally are calculated as follows:

- The initial fee will be prorated based upon the number of days remaining in the initial quarterly period from the date of execution of the Agreement based upon the market value of the plan assets at the close of business on the last business day of the initial quarterly period.
- Thereafter, the quarterly portion of any annual asset-based fees will be based upon the market value of the plan assets at the close of business on the last business day of the previous calendar quarter (without adjustment for anticipated withdrawals by plan participants or beneficiaries or other anticipated or scheduled transfers or distributions of assets.)
- When the Agreement is terminated prior to the end of a quarter, Ashton Thomas will be entitled to a quarterly fee, prorated for the number of days in the quarter prior to the effective date of the termination, and for asset-based fees, based on the market value of the plan assets at the close of business on the effective date of termination.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, Ashton Thomas may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, such as estate planning, insurance planning, etc.) on a stand-alone fee basis. Ashton Thomas' planning and consulting fees are negotiable, but generally range from \$250 to \$1,000 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

#### **Variable Product Model Design and Maintenance**

The Annual Fee for this service is \$1,200.00 to \$1,500.00 per Variable Contract evaluated, with the higher fee paid for Variable product issuers that issue multiple products offering essentially similar subaccount availability. The fee can be paid quarterly or monthly, at the client's preference, but the entire amount is "due" at delivery of the models.

#### **Retirement Rollovers - No Obligation**

A client or prospective client is under no obligation to engage Ashton Thomas as the investment adviser for his/her employer sponsored retirement account. Rather, a client can continue to self-direct his/her retirement account at his/her employer. If the client determines that he/she would like Ashton Thomas' assistance, Ashton Thomas shall charge a separate and additional advisory fee for its ongoing advisory services. The client will not incur this separate and additional advisory fee if he/she determines to continue to self-direct his/her account.

**Conflict of Interest:** As a result, any recommendation by Ashton Thomas that a client engage Ashton Thomas to manage his/her retirement account presents a conflict of interest since Ashton Thomas shall derive an economic benefit from such engagement. Again, a client is under no obligation to engage Ashton Thomas as the investment adviser for his/her retirement account. In

providing advice to a client with regard to the client's employer retirement account, Ashton Thomas is not advising the employer's plan and is not acting as a fiduciary to the employer's plan under ERISA. Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.

- A. Clients may elect to have Ashton Thomas' advisory fees deducted from their custodial account. Both Ashton Thomas' *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Ashton Thomas' investment advisory fee and to directly remit that management fee to Ashton Thomas in compliance with regulatory procedures. In the limited event that Ashton Thomas bills the client directly, payment is due upon receipt of Ashton Thomas' invoice. Ashton Thomas shall deduct fees and/or bill clients quarterly in advance, or in arrears as specified in the *Investment Advisory Agreement*, based upon the market value of the assets on the last business day of the previous quarter.
- B. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Ashton Thomas shall generally recommend that *Fidelity*, *Schwab* and/or *Ameritrade* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Fidelity*, *Schwab* and/or *Ameritrade* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Ashton Thomas' investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

Participants in the Ashton Thomas Wrap Program will not incur brokerage commissions and/or transaction fees in addition to the program fees (with the exception of those clients who participate in the Ashton Thomas Advisory Wrap Program who select *Ameritrade* as their account custodian – those clients will not incur brokerage commissions but will incur transaction fees).

Participants in the wrap programs will incur certain charges and administrative fees, including, but not limited to, fees charged by *Independent Managers*, transaction charges (including mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than the custodian, alternative investment fees, wire fees, short term redemption fees, bond concessions, and loads. Participants may also incur transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program's wrap fee.

- C. Ashton Thomas' annual investment advisory fee shall be prorated and paid quarterly, in advance, or in arrears as specified in the *Investment Advisory Agreement*. Fees will be based upon the market value of the assets on the last business day of the previous quarter. Ashton Thomas, in its sole discretion, may 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 *Investment Advisory Agreement* between Ashton Thomas and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, Ashton Thomas shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- D. **Securities Commission Transactions.** In the event that the client desires, the client can engage certain of Ashton Thomas' representatives, in their individual capacities as registered representatives to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through a broker-dealer, the broker-dealer will charge brokerage commissions to effect securities transactions, the majority of which commissions the broker-dealer will pay to the registered representatives. The brokerage commissions charged by the broker-dealer may be higher or lower than those charged by other broker-dealers. In addition, the registered representative may also receive additional ongoing 12b-1 trailing commission compensation directly from mutual fund companies during the period that the client maintains the mutual fund investment.
1. **Conflict of Interest:** The recommendation that a client purchase a commission product through a broker-dealer from which the Ashton-Thomas representative is also a registered representative of such broker-dealer presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's needs. No client is under any obligation to purchase any commission products through such a broker-dealer. Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.
  2. **Please Note:** Clients may purchase investment products recommended by Ashton Thomas through other non-affiliated broker dealers or agents.
  3. When Ashton Thomas' representatives sell an investment product on a commission basis, Ashton Thomas 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, Ashton Thomas' representatives do not also receive commission compensation for such advisory services. However, a client may engage Ashton Thomas to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Ashton Thomas' representatives on a separate commission basis.
- E. **Tradeaway/Prime Broker Fees.** Relative to its discretionary investment management services, when beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (*Fidelity, Schwab and/or Ameritrade*).
- F. **Insurance Commissions.** In the event that the client desires, the client can engage certain of Ashton Thomas' representatives, in their individual capacities as insurance agents of Ashton Thomas Insurance Agency, LLC.

1. **Conflict of Interest.** The recommendation that a client purchase a commission insurance product through our related insurance agency, Ashton Thomas Insurance Agency, presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's needs. No client is under any obligation to purchase any insurance commission products through our related insurance agency. Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.
2. **How we address the Conflict.** First and foremost, we address the conflicts described above in relation to Additional Compensation by disclosing them to you in this Brochure as well as your representative's Brochure Supplement. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted a comprehensive supervisory process, detailed in our Policies and Procedures manual that was designed to address, among other things, conflicts of interest such as additional compensation. In addition, we have designated a Chief Compliance Officer, as set forth on Schedule A of our Form ADV, to be the party responsible for the overall application and oversight of our supervisory process and our policies and procedures. Our Chief Compliance Officer has the authority to delegate certain supervisory responsibilities to other supervised persons within our firm in order to ensure that our overall system of supervision is being carried out adequately and in a timely manner.
3. Bear in mind that even if our supervised persons were not registered/licensed to sell the types of products/services addressed in the preceding section, the majority of your transactions involving such products would still result in you paying some sort of commission for those products. In the case of our supervised persons, their active registration/licensing may allow them to be able to receive such additional compensation as opposed to the executing financial institution keeping that compensation exclusively for itself.
4. Any Additional Compensation received by our supervised persons in connection with the products/services described in the preceding section is deemed routine and customary compensation for such activities and is not believed to be inappropriate.

**Procedure for disclosing these conflicts.** In an effort to inform you of these conflicts of interest, we have prepared this Brochure and have provided it to you, in part, for the purpose of disclosing these conflicts. You are always welcome to request a current copy of our Brochure. We are obligated to provide you a copy of this Brochure no later than the time you sign our Agreement and on an annual basis, we are required to provide you either (1) a copy of our current Brochure or (2) a set of instructions as to how you can request a copy of our current Brochure.

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

Neither Ashton Thomas nor any supervised person of Ashton Thomas accepts performance-based fees.

## **Item 7            Types of Clients**

Ashton Thomas' clients shall generally include individuals, business entities, trusts, estates, and charitable organizations.

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

Ashton Thomas may utilize the following methods of security analysis:

### **A. Long-Term Purchases**

Long-term purchases generally involve the acquisition of an investment instrument and holding it for a period of at least one year.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Inflation Risk, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

### **B. Short-Term Purchases**

Short-term purchases generally involve the acquisition of an investment instrument and holding it for a period of not more than one year.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Higher Trading Costs, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

### **C. Option Writing (including covered/uncovered options or spreading strategies)**

We will also employ the use of options trading in the event that such trading complements an investment strategy we may be carrying out for a particular client. An option is the right either to buy or sell a specified amount or value of a particular underlying investment instrument at a fixed price (i.e. the "exercise price") by exercising the option before its specified expiration date. Options giving you the right to buy are called "call" options. Options giving you the right to sell are called "put" options. When trading options on behalf of a client, we may use covered or uncovered options or various strategies such as spreads and straddles. Covered options involve options trading when you own the underlying instrument on which the option is based. Uncovered options involve options trading when you do not own the underlying instrument on which the option is based. Spread options are options whose values are derived from the difference in price of two different underlying assets or components.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Higher Trading Costs, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

Investing in securities or other investment products involves the risk of loss and you should be prepared to bear such losses.

## **Risk Disclosures**

### **Capital Risk**

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100 percent of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

### **Credit Risk**

Credit risk can be a factor in situations where an investment's performance relies on a borrower's repayment of borrowed funds. With credit risk, an investor can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e. borrowed funds) are subject to credit risk.

### **Currency Risk**

Fluctuations in the value of the currency in which your investment is denominated may affect the value of your investment and thus, your investment may be worth more or less in the future. All currency is subject to swings in valuation and thus, regardless of the currency denomination of any particular investment you own, currency risk is a realistic risk measure. That said, currency risk is generally a much larger factor for investment instruments denominated in currencies other than the most widely used currencies (U.S. dollar, British pound, German mark, Euro, Japanese yen, French franc, etc.).

### **Economic Risk**

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

### **Financial Risk**

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

### **Higher Trading Costs**

For any investment instrument or strategy that involves active or frequent trading, you may experience larger than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

### **Inflation Risk**

Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

**Interest Rate Risk**

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

**Legal/Regulatory Risk**

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

**Liquidity Risk**

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

**Market Risk**

The market value of an investment will fluctuate as a result of the occurrence of the natural economic forces of supply and demand on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry or sector of the economy or may affect the market as a whole. Market risk can affect any investment instrument, or the underlying assets or other instruments held by or traded within that investment instrument.

**Operational Risk**

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

**Past Performance**

Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, investors should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer thereof.

**Strategy Risk**

There is no guarantee that the investment strategies discussed herein will work under all market conditions and each investor should evaluate his/her ability to maintain any investment he/she is considering in light of his/her own investment time horizon. Investments are subject to risk, including possible loss of principal.

Currently, Ashton Thomas primarily allocates client investment assets among various mutual funds and/or exchange traded funds and *Independent Manager[s]*, on a discretionary basis in accordance with the client's designated investment objective(s). *Independent Manager[s]* may offer strategies that utilize, but are not limited to, stocks, bonds, options, and alternative investments. (See *Independent Manager[s]* above).

## **Item 9            Disciplinary Information**

Ashton Thomas has not been the subject of any disciplinary actions.

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

- A. As disclosed above in Item 5.E, certain of Ashton Thomas' representatives are also registered representatives of unaffiliated broker-dealers.
- B. Neither Ashton Thomas, 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. **Registered Representatives of unaffiliated broker-dealers.** As disclosed above in Item 5.E, certain of Ashton Thomas' representatives are also registered representatives of unaffiliated broker-dealers. Clients may choose to engage certain of Ashton Thomas' representatives, in their individual capacities as registered representatives of such broker-dealers, to effect securities brokerage transactions on a commission basis.

**Licensed Insurance Agents.** Certain of Ashton Thomas' representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. Clients may choose to engage these representatives, in their individual capacities as insurance agents, to purchase insurance products on a commission basis.

**Conflict of Interest:** The recommendation by Ashton Thomas' representatives that a client purchase a securities 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 to be received, rather than on a particular client's need. Clients are under no obligation to purchase any commissionable products from Ashton Thomas' representatives. Clients are reminded that they may purchase insurance products or securities recommended by Ashton Thomas through other non-affiliated broker-dealers or insurance agents. Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

- D. Ashton Thomas does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Ashton Thomas maintains an investment policy relative to its investment adviser representative's personal securities transactions. This investment policy is part of Ashton Thomas' overall Code of Ethics, which serves to establish a standard of business conduct for all of Ashton Thomas' 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, Ashton Thomas also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Ashton Thomas or any person associated with Ashton Thomas.

- B. Except as stated immediately below, neither Ashton Thomas nor any related person of Ashton Thomas recommends, buys, or sells for client accounts, securities in which Ashton Thomas or any related person of Ashton Thomas has a material financial interest:

**Conflicts of Interest – Alternative Investments.** If requested, the client can engage certain of Ashton Thomas' representatives, in their individual capacities as registered representatives of unaffiliated broker-dealers, to implement investments on a commission basis in alternative investments. Certain of Ashton Thomas' related persons have financial interests and/or warrants to purchase additional interests in the same alternative investments.

The recommendation by Ashton Thomas' related persons that clients purchase interests in alternative investments on a commission basis presents a material conflict of interest. Specifically, when the representative has a personal interest in the offering, the Ashton Thomas' related persons may have the incentive to recommend that a client make such an investment based upon the overall success of the alternative investment in which Ashton Thomas' related persons have a personal interest, as opposed to a particular client's need.

To address these **material conflicts of interest**:

1. Ashton Thomas does not recommend that clients allocate investment assets in any alternative investments in which Ashton Thomas and/or its related persons also have a financial interest;
2. Ashton Thomas does not have, nor will it exercise, any discretionary authority to place any client assets in any alternative investments in which Ashton Thomas and/or its related persons also have a financial interest;
3. Ashton Thomas reminds its clients in Form ADV where appropriate, and before they consider allocating investment assets that they are under absolutely no obligation to consider or make an investment in alternative investments;
4. Before a client allocates investment assets in any alternative investments in which Ashton Thomas and/or its related persons also have a financial interest, clients are required to sign an alternative investment acknowledgment form, which identifies the particular alternative investment at issue and the conflicts associated with the sale of that particular alternative investment; and
5. Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above **material conflicts of interest**.

**Please Note:** The above 1-5 apply to Ashton Thomas in its capacity as a registered investment adviser. It does not exclude its representatives from offering such alternative investments in their separate individual capacities as registered representatives. Regardless, such offer presents a material conflict of interest.

- C. Ashton Thomas and/or representatives of Ashton Thomas may buy or sell securities that are also recommended to clients, which purchases may be made in the separate capacity as a registered representative of a broker-dealer. In fact, as stated above, Ashton Thomas' related persons have financial interests in some of the alternative investments that they recommend on a commission in their separate capacities as registered representatives. This practice may create a situation where Ashton Thomas and/or representatives of Ashton Thomas are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a material 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 Ashton Thomas 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 Ashton Thomas' clients) and other potentially abusive practices.

To address this material conflict of interest, Ashton Thomas has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Ashton Thomas' "Access Persons." Ashton Thomas' securities transaction policy requires that an Access Person of Ashton Thomas must provide the firm with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the firm with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Ashton Thomas selects; provided, however that at any time that Ashton Thomas has only one Access Person, he or she shall not be required to submit any securities report described above. Further, all Access Persons must submit to a pre-clearance review before investing in any alternative investments that are also recommended by Ashton Thomas' related persons in their separate capacities as registered representatives of a broker-dealer. Finally, an Access Person is also required to obtain the pre-approval from the firm before engaging in any outside business activities that may be required for the Access Person to acquire an interest in an alternative investment or alternative investment company. Ashton Thomas' personal securities transaction policy dictates that any proposed transaction will not be pre-approved by the firm if it would constitute or result in "scalping," "front-running," or other potentially abusive practices to the detriment of Ashton Thomas' clients.

- D. Ashton Thomas and/or representatives of Ashton Thomas (in the capacity as an investment advisor representative of Ashton Thomas or in a separate and individual capacity as a registered representative of a broker-dealer) may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Ashton Thomas and/or representatives of Ashton Thomas 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., Ashton Thomas has a personal securities transaction policy, which prohibits any potential trades that would constitute or result in "scalping," "front-running," or other potentially abusive practices to the detriment of Ashton Thomas' clients.



## Item 12 Brokerage Practices

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

Factors that Ashton Thomas considers in recommending *Fidelity, Schwab and/or Ameritrade* (or any other broker-dealer/custodian to clients) include historical relationship with Ashton Thomas, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Ashton Thomas' clients shall comply with Ashton Thomas' 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 Ashton Thomas 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 Ashton Thomas 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, Ashton Thomas' investment management fee. Ashton Thomas' 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.

Ashton Thomas participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Ashton Thomas receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

1. Research and Additional Benefits. Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Ashton Thomas may receive from *Fidelity, Schwab and/or Ameritrade* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist Ashton Thomas to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Ashton Thomas 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 Ashton Thomas in furtherance of its investment advisory business operations.

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

Ashton Thomas' clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity, Schwab and/or Ameritrade* as a result of this arrangement. There is no corresponding commitment made by Ashton Thomas to *Fidelity, Schwab and/or 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.

Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

2. Ashton Thomas does not receive referrals from broker-dealers.
3. Ashton Thomas does not generally accept directed brokerage arrangements (when a client requires that account transactions be affected through a specific broker-dealer). In such client directed arrangements the client will negotiate terms and arrangements for their account with that broker-dealer, and Ashton Thomas will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Ashton Thomas. 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 Ashton Thomas 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 Ashton Thomas.

Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that Ashton Thomas provides investment management services to its clients, the transactions for each client account generally will be affected independently, unless Ashton Thomas decides to purchase or sell the same securities for several clients at approximately the same time. Ashton Thomas 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 Ashton Thomas' client's 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. Ashton Thomas shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Ashton Thomas provides investment supervisory services, account reviews are conducted on an ongoing basis by Ashton Thomas' CEO or a Wealth Advisor. All investment supervisory clients are advised that it remains their responsibility to advise Ashton Thomas 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 Ashton Thomas on an annual basis.
- B. Ashton Thomas may conduct account reviews on an other-than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and/or regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Ashton Thomas may also provide a written periodic report summarizing account activity and performance. We urge our clients to compare the statements they receive from us with those received from the custodian.

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

- A. As referenced in Item 12.A.1 above, Ashton Thomas may receive an indirect economic benefit from *Fidelity, Schwab and/or Ameritrade*. Ashton Thomas, without cost (and/or at a discount), may receive support services and/or products from *Fidelity, Schwab and/or Ameritrade*.

Ashton Thomas' clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity, Schwab and/or Ameritrade* as a result of this arrangement. There is no corresponding commitment made by Ashton Thomas to *Fidelity, Schwab and/or 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.

Although not a material consideration when determining whether to recommend that a client purchase a specific investment product, Ashton Thomas may receive from a particular investment product sponsor (i.e., a mutual fund company, variable investment product sponsor, etc.) financial support that may assist the Ashton Thomas with client marketing events. Financial support received from a sponsor to conduct a specific marketing event could exceed the total cost of the specific event. However, there is no corresponding commitment made by Ashton Thomas, to any such product sponsor that its financial support will result in a certain level of sales production of their products to Ashton Thomas' clients. The receipt of financial support that may be received by Ashton Thomas is in addition to the commission compensation received by certain of Ashton Thomas' representatives when selling an investment product, in their individual capacities as registered representatives.

As disclosed under Item 12 above, Ashton Thomas participates in TD Ameritrade's institutional customer program and Ashton Thomas may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Ashton Thomas' participation in the

program and the investment advice it gives to its Clients, although Ashton Thomas receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Ashton Thomas by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Ashton Thomas' related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Ashton Thomas but may not benefit its Client accounts. These products or services may assist Ashton Thomas in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Ashton Thomas manage and further develop its business enterprise. The benefits received by Ashton Thomas or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Ashton Thomas endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Ashton Thomas or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Ashton Thomas' choice of TD Ameritrade for custody and brokerage services.

Ashton Thomas also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Advent, Advisory World, DocuSign, Morningstar, Quovo, RedTail, Right Capital, YCharts and Zoom. TD Ameritrade provides the Additional Services to Ashton Thomas in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional Services. Ashton Thomas and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services. Ashton Thomas' receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Ashton Thomas, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Ashton Thomas' Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Ashton Thomas, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Ashton Thomas may have an incentive to recommend to its Clients that the assets under management by Ashton Thomas be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Ashton Thomas' receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. Neither Ashton Thomas nor any related person of Ashton Thomas directly or indirectly compensates any person for client referrals.

## **Item 15      Custody**

All client assets are held independently by unaffiliated qualified custodians. Ashton Thomas does not take physical custody of clients' assets. Under government regulations, we are deemed to have custody of your assets in certain situations as described below. One situation occurs when you authorize the custodian to deduct our advisory fees directly from your account, even though custodian maintains actual custody of your assets. A second situation occurs if you authorize us to direct checks or money transfers from your accounts to third parties, all dependent upon the authorization given to custodian. A third situation occurs when you send checks to Ashton Thomas for deposit at the custodian, and the checks are not made payable to the custodian. In all cases, all clients are provided, at least quarterly, with written transaction confirmation notices and/or regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Ashton Thomas may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that Ashton Thomas provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Ashton Thomas with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Ashton Thomas' advisory fee calculation.

## **Item 16      Investment Discretion**

The client can determine to engage Ashton Thomas to provide investment advisory services on a discretionary basis. Prior to Ashton Thomas assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Ashton Thomas as the client's attorney and agent in fact, granting Ashton Thomas 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 Ashton Thomas on a discretionary basis may, at any time, impose restrictions, in writing, on Ashton Thomas' 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 Ashton Thomas' use of margin, etc.).

## **Item 17      Voting Client Securities**

- A. Ashton Thomas 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 Ashton Thomas to discuss any questions they may have with a particular solicitation.

## **Item 18      Financial Information**

- A. Ashton Thomas does not solicit fees of more than \$1,200, per client, six months or more in advance.

- B. Ashton Thomas 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.
- C. Ashton Thomas has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: Ashton Thomas' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**