

Argent Wealth Management, LLC

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This brochure provides information about the qualifications and business practices of Argent Wealth Management, LLC (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (781) 290-4900 or rkahn@argentwm.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Argent Wealth Management, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

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

Item 2 Material Changes

Below is a description of material changes made to Argent Wealth Management, LLC's disclosure statement and Brochure since its most recent annual filing on March 21, 2019.

Effective December 31, 2019, Jerome J. Jacobs retired as Chief Market Strategist of Argent Wealth Management, LLC.

ANY QUESTIONS: Argent Wealth Management's Chief Compliance Officer, Richard D. Kahn, remains available to address any questions that an existing or prospective client may have regarding this Brochure.

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Item 4 Advisory Business

- A. Argent Wealth Management, LLC (the “Registrant”) was formed on December 1, 2006 in the Commonwealth of Massachusetts. The Registrant is currently registered with the Securities and Exchange Commission (“SEC”) as an investment adviser. The Registrant is principally owned by Argent Wealth Management, Inc., which in turn is owned by David M. Duchesneau and William T. Baldwin. Minority owners of the Registrant include Richard D. Kahn, Jerome J. Jacobs (formerly the Registrant’s Chief Market Strategist) and Joseph E. Finn.
- B. As discussed below, the Registrant offers to its clients (individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning, tax planning, trustee services and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can engage the Registrant to provide discretionary or non-discretionary investment advisory services on a *fee-only* basis. The Registrant’s standard annual investment advisory fee is based on the market value of the assets placed under Registrant’s management. Before engaging the Registrant to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

In addition, before providing investment advisory services an investment adviser representative will ascertain each client’s investment objectives. Thereafter, the Registrant will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. The Registrant may invest in any type of securities, but generally invests in various debt (bonds) and fixed income securities, equity securities, mutual funds and exchange traded funds (“ETFs”), and private funds on a discretionary or non-discretionary basis in accordance with the client’s designated investment objectives. The Registrant may also recommend or use its discretion to select independent managers to manage all or a portion of a client’s assets.

FINANCIAL PLANNING, TAX ADVICE, CONSULTING AND TRUSTEE SERVICES (STAND-ALONE)

The Registrant may be engaged to provide financial planning, tax advice, and/or consulting services (including investment and non-investment related matters such as estate planning and insurance planning) on a stand-alone separate fee basis (either on a fixed fee or hourly basis). Registrant’s planning, tax preparation, and consulting fees are negotiated with each client in advance, depending upon the level and scope of the services required and the professional rendering the services. Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination). If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including the Registrant’s representatives in their individual capacities as attorneys and Certified Public Accountants (*See* disclosure at Item 10.C). The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from the Registrant. Additionally, on occasion at the specific request of a client and in their individual capacity, employees or members of the Registrant may serve as a trustee or co-trustee of a trust that the client may be the grantor of and/or a beneficiary. In these situations, an additional fee may be charged to the client consistent with applicable law. The client is under no obligation to use employees or members of the

Registrant as trustees. If the client engages any recommended professional, and a dispute arises, the client agrees to seek recourse exclusively from and against the engaged professional. Clients are responsible for promptly notifying the Registrant in writing if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

MISCELLANEOUS

Affiliated Private Fund. Argent Wealth Management, Inc.'s President, David M. Duchesneau, is the sole owner and managing member of Argent Wealth Equity Management, LLC, which is the managing member of Argent Private Equity I, LLC.

Argent Private Equity I, LLC is referred to as the "*affiliated fund*." The Registrant previously may have recommended on a non-discretionary basis that qualified clients consider allocating a portion of their investment assets to the *affiliated fund*. Registrant's clients were under absolutely no obligation to consider or make an investment in the *affiliated fund*. The complete description of the terms, conditions, risks and fees including incentive compensation associated with the *affiliated fund* is set forth in the *affiliated fund* offering documents. The *affiliated fund* is not currently accepting new investors (and doesn't anticipate doing so).

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

Valuation. In valuing the assets of the *affiliated fund*, the Registrant relies on the most recent valuations provided by the underlying fund sponsors. When a fund sponsor has not provided any updated valuations, the Registrant will use the purchase price as the value of the investment. The current value of an investment in the *affiliated fund* could be significantly more or less than the original purchase price or the price reflected in any client report. The client's investment in the affiliated fund are not subject to an advisory fee.

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.

As indicated above, to the extent requested by a client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Registrant **does not** serve as a law firm, accounting firm or insurance agency, and no portion of its services should be construed as legal, accounting, or insurance brokerage services. For certain clients, the Registrant does prepare tax returns and provide tax planning for a separate fee. Accordingly, Registrant **does not** prepare estate planning documents or sell insurance products. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants and insurance agents). Clients are reminded that they are under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation made by Registrant or its representatives. If the client engages any unaffiliated recommended professional, and a dispute arises thereafter, the client agrees to seek recourse exclusively from the engaged professional.

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

Independent Managers. The Registrant 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* shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant 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 the Registrant shall consider in recommending any *Independent Manager* include the client's designated investment objective(s), and the manager's management style, performance, reputation, financial strength, reporting capabilities, pricing structure, and published research. The investment management fee charged by an Independent Manager is separate from, and in addition to, Registrant's advisory fee as set forth in Item 5.

Non-Discretionary Service Limitations. Clients that determine to engage the Registrant on a non-discretionary investment advisory basis must be willing to accept that the Registrant cannot effect any account transactions without obtaining the client's consent. For instance, although the firm does not recommend market timing as an investment strategy, in the event of a market correction event where the firm cannot reach the client, a client may suffer investment losses or miss potential investment gains.

Use of Mutual Funds and Exchange Traded Funds. While the Registrant may recommend allocating investment assets to mutual funds that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publicly available mutual funds and exchange traded funds that the client could obtain without engaging Registrant as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly available mutual funds or exchange traded funds without engaging Registrant as an investment adviser, the client or prospective client would not receive the benefit of Registrant's initial and ongoing investment advisory services.

Client Obligations. The Registrant will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on the information in its possession. Clients are responsible for promptly notifying the Registrant in writing if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

- C. The Registrant 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, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services. It is the obligation of the client to notify Registrant in writing of any changes to their goals, objectives or needs of the client.

- D. Registrant does not offer a wrap fee program for its investment advisory services.
- E. As of December 31, 2019, the Registrant had \$1,653,948,483 in assets under management on a discretionary basis and \$140,730,753 in assets under management on a non-discretionary basis for a total of \$1,794,679,236.

Item 5 Fees and Compensation

A.

INVESTMENT ADVISORY SERVICES

If a client determines to engage the Registrant to provide discretionary or non-discretionary investment advisory services on a *fee-only* basis, the Registrant's standard annual investment advisory fee is tiered and based on the market value of the assets placed under the Registrant's management as follows.

<u>Market Value of Account</u>	<u>Annual Fee %</u>
On the first \$1,000,000	1.00%
On the next \$2,000,000	0.80%
On the next \$2,000,000	0.70%
On the next \$5,000,000	0.60%
On the balance	0.50%

The Registrant's investment advisory fee is negotiable at Registrant's discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with the Registrant and/or its representatives, and negotiations with the client. Certain legacy clients may have also accepted different pricing and may therefore receive services under different fee schedules than as set forth above. Because of these factors, similarly situated clients could pay different fees, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

FINANCIAL PLANNING, TAX ADVICE, CONSULTING AND TRUSTEE SERVICES (STAND-ALONE)

The Registrant may be engaged to provide financial planning, tax advice, and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiated in advance with clients and can be on a fixed fee or hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Additionally, on occasion at the specific request of a client and in their individual capacity, employees or members of the Registrant may serve as a trustee or co-trustee of a trust that the client may be the grantor of or beneficiary. In such situations, an additional fee may be charged to the client and/or the account for serving in such capacity. The client is under no obligation to utilize employees or members of the Registrant as trustees.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant generally deducts fees and/or bills clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter, subject to adjustment for inflows and outflows. In the event that there is insufficient cash in a client's account when the Registrant deducts its fees, the Registrant will generally sell securities to make

available enough cash for its fee. This could result in tax consequences. Certain clients are billed on different schedules depending upon their particular situation and arrangement with the Registrant.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") or Fidelity Investments ("*Fidelity*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* and *Fidelity* charge transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain mutual funds and mark-ups and mark-downs are charged for fixed income transactions). In addition, client accounts may invest in mutual funds (including money market funds) and ETFs that have various internal fees and expenses (i.e. management fees), which are paid by these funds but ultimately borne by clients as a fund shareholder. These internal fees and expenses are in addition to the fees charged by the Registrant. Also, if an independent investment manager is used, the independent manager will charge fees to the client in addition to Registrant's investment management fee.
- D. Registrant's annual investment advisory fee shall be prorated and are generally paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter, subject to adjustment for inflows and outflows. Certain clients are billed on different schedules depending upon their particular situation and arrangement with the Registrant. The Registrant does not generally require an annual minimum fee, but generally requires a \$1,000,000 minimum account value for investment advisory services, although in certain circumstances a minimum fee is negotiated in advance with clients. The Registrant, in its sole discretion, may charge a different or lesser investment management fee or waive its minimum account value requirement.

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

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

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

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

Item 7 Types of Clients

The Registrant's clients shall generally include individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations.

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

- A. The Registrant may utilize, but is not limited to, the following methods of security analysis:
- Fundamental - analysis performed on historical and present data, with the goal of making financial forecasts.
 - Technical – analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices

The Registrant may utilize, but is not limited to, the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases -securities held at least a year
- Short Term Purchases -securities sold within a year

Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant’s methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant’s analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant’s primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental and/or technical investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

In addition to the fundamental and technical investment strategies discussed above, the Registrant may also implement and/or recommend – short selling, use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk.

- C. Currently, the Registrant primarily allocates client investment assets among various debt (bonds) and fixed income securities, mutual funds, individual securities, ETFs, private funds and/or independent managers on a discretionary or non-discretionary basis in accordance with the client’s designated investment objective(s). (*See* Independent Managers in Item 4.B and Private Funds below). The Registrant will also recommend private investments such as private equity and private real estate for its clients.

- D. The Registrant also utilizes an array of analytical techniques and methods to construct model portfolios. Below are the general descriptions and objectives of the Registrant's suite of models and the primary methods of analysis used by the Registrant in providing investment advice. The Registrant does not guarantee that a specific investment objective will be attained.

The Registrant's portfolios use different investment product structures that best serve the client and their investment needs, based on the best judgment of the Registrant. For example, Argent Wealth Management uses ETFs, mutual funds, equities, bonds, Private Equity, Private Real Estate, Limited partnerships, and various Separately Managed Accounts to build portfolios.

Our screening process includes, but is not limited to, manager tenure, portfolio turnover, liquidity, active share, down market capture, max drawdown, and fee structure.

There is no guarantee of investment performance and clients should understand they could lose some or all their investment. Moreover, clients should be prepared to bear the risk of such losses.

Argent Wealth Management Investment Strategies

General Descriptions:

1. Argent Strategic Income – Inception 12/31/2008

The Argent Strategic Income strategy is a total return fixed income strategy that utilizes fundamental and tactical investment decision making with an investment objective that seeks a high level of total return with a secondary objective of generating an above average level of current income. The strategy seeks to meet its objective by investing in a diversified mix of open end bond mutual funds, closed end bond funds, bond ETFs and money market funds. The mix of investments can vary from 100% closed end funds to 100% open end funds and ETFs. The strategy can and does hold cash opportunistically. A significant portion of the underlying holdings seek a high yield and high distribution streams. Investors should be aware that high yielding bond securities can also carry high credit risk and risk of loss. Investors should be willing to bear this risk for the potential of a higher total return and above average income generation. The overall distribution of the strategy varies widely depending on the opportunities available in the fixed income marketplace. The Registrant reserves the right to change the characteristics of the strategy at any time in its sole discretion.

2. Argent Global Value Equity – Inception 9/30/2012

The Argent Global Value Equity Strategy is a fundamental, long-term individual equity strategy with the objective of long term capital appreciation and a secondary objective of dividend income generation. Seeking to meet its objective, the strategy invests in a concentrated mix of 20-to-30 individual 'value' oriented stocks and ETFs. The characteristics of the stocks are 'value' oriented and dividend biased and securities are selected utilizing a bottom-up fundamental analysis, that considers a company's management, valuation, economic moat, dividend and business strategy. The composition of the portfolio holdings can be highly concentrated and can vary widely from the benchmark. The Registrant reserves the right to change the characteristics of the strategy at any time in its sole discretion. The concentrated nature of the portfolio can lead to a

higher risk level from the benchmark and can result in loss of capital. Investors should be willing to bear this equity risk and concentration risk.

3. Argent Global Growth Equity - Inception 3/15/2018

The Argent Global Growth Equity Strategy is a fundamental, long-term individual equity strategy with the objective of long term capital appreciation. Seeking to meet its objective, the strategy invests in a concentrated mix of 20-to-30 individual ‘growth’ stocks. The characteristics of the stocks are ‘growth’ oriented and typically display strong sales and/or earnings growth. Securities are selected utilizing a bottom-up fundamental analysis, that considers a company’s management, growth rates, valuation, economic moat, and sustainable growth oriented business strategy. The composition of the portfolio holdings can be highly concentrated and can vary widely from the benchmark. The Registrant reserves the right to change the characteristics of the strategy at any time in its sole discretion. The concentrated nature of the portfolio can lead to a higher risk level from the benchmark and can result in loss of capital. In addition, the individual growth stocks possess high valuation metrics and can be subject to significant volatility, adding additional risk to the portfolio. The strategy may utilize inverse ETFs on occasion to mitigate some of this risk. Investors should be willing to bear the equity risk, concentration risk and other risks of the strategy.

4. Argent Hedge Fund – Inception 1/31/2018

The Argent Hedge Fund strategy seeks long term capital appreciation through investing in what we believe to be the ‘best ideas’ of leading hedge funds that we have identified for long term success. The portfolio holdings consist of the best long-only ideas from activist hedge funds, best ideas from other hedge funds, or investments in hedge fund-like factor or specialty ETFs. In addition, the strategy may utilize inverse ETFs to hedge market risk or security risk. The portfolio will typically be invested in 15-30 individual equity securities or ETFs seeking long term capital appreciation. The Registrant reserves the right to change the characteristics of the strategy at any time in its sole discretion.

5. Argent Asset Allocation portfolios (Growth, Moderate, Conservative, Moderate Plus, Equity, Bond, iBond) – Inception 1/31/2018

The Argent Asset Allocation strategies seek to meet their risk-based long term investment objectives (Growth, Moderate or Conservative) by investing in a globally diversified basket of ETFs and/or mutual funds. The portfolios are diversified across global stock and bond ETFs and mutual funds based on the fundamental, long-term outlook of the Argent investment team. The portfolios remain fully invested in stock and bond ETFs and mutual funds for the long term. The Argent investment team makes active asset class changes throughout the year to over/under weight major asset classes based on our fundamental market outlook. There are no assurances that the active decisions will lead to investment success. The Registrant reserves the right to change the characteristics of the strategies at any time in its sole discretion.

Argent Wealth Management's Investment Process

1 – Get to know client – On-Boarding. Assessment of client life factors, risk tolerance, goals, objectives and time horizon to clearly define the client's investment objective.

2 – Set Long-Term Asset Class Targets. Based on the client's investment objective in step one, the Registrant proposes and agrees upon with the client the best mix of assets (i.e. stocks, bonds, private investments, cash) that seek to meet the investment objective over the long term.

3 – Allow for shorter term tactical over/under weights – The Registrant builds in flexibility to over or underweight target asset classes set in step 2 based on its long term fundamental economic and financial market outlook. The Registrant uses a combination of tolerance bands and starting targets to actively manage and modestly overweight or underweight asset classes and sectors for additional return potential or risk control. This "flex" category has no specific asset class target.

4 – Ongoing monitoring of the portfolio in relation to the client risk tolerance, time horizon, and other factors that could impact the asset allocation. The Registrant seeks to continually review the portfolios to ensure they remain consistently invested to meet the client's long-term investment objective. Portfolio rebalancing occurs throughout the year based on market conditions and Registrant's outlook.

The Registrant does not manage all accounts according to model portfolios. However, the Registrant may recommend one or more of our model portfolios for a client's account. Below is additional information of how the Registrant constructs its model portfolios.

Argent Wealth Management's Asset Allocation Process

The Registrant is responsible for establishing and updating the asset allocations for model portfolios through its portfolio management software. Any model updates or changes are discussed and approved by the internal investment committee. This committee meets at least monthly and is comprised of the most senior executives of the Registrant. Model updates and changes are based on the Registrant's long term economic and market forecasts supported by, but not limited to, historical data, research, and investment analysis.

Argent Wealth Management's Research Process

The Registrant's security selection and asset allocation processes are driven by quantitative and qualitative factors. The investment team conducts due diligence and supports investment conclusions with supporting information. The Registrant's filters vary on investment objective and style box.

The following risks pertain to all strategies. This list is not exhaustive, but only addresses the most material risk of investing through the Registrant.

Risks:

Active Investment Decisions

The Registrant's investment team makes active investment decisions that seek to improve the return/risk attributes of portfolios and are based on its fundamental outlook for the global economies and financial markets. These active decisions could prove to be wrong and could lead to underperformance relative to market benchmarks or a loss of principal.

Security selection

Accounts assigned to a model may incur significant losses due to individual securities losing value. Accounts may also hold a significant position in a specific security. The forces that drive the price of the security are dependent on market forces and other risks, some are outlined below. Individual securities bear the risk of losing significant value and even losing the entire investment.

Individual Security & Sector concentration

Accounts assigned to a model may have significant exposure to one particular security and/or to a particular sector and may incur significant losses due to this increased concentration.

Credit Quality

Investments in Investment Grade and non-Investment Grade debt securities bear the inherent risk of untimely coupon payments, and possible default.

Factor Tilts

Including but not limited to duration, growth, value, small, large, mid, dividend, quality, beta, low volatility, high volatility. A portfolio may lose significant value because of the increased exposure to a specific factor.

Liquidity

Investing in less liquid securities (low daily volume, wide spreads between the best bid and the best offer) may impact the execution price and therefore portfolio value.

Geographic Concentration

Accounts assigned to a model may lose significant value because of the geographic concentration (examples include but are not limited to natural disaster, political risk, government instability, currency risk, and economic risk). The value of the portfolio may be subject to greater volatility than a more diversified portfolio.

Volatility

The valuation of the portfolio will change depending on market conditions. The degree of the valuation changes will also change depending on the risks outlined in this section.

Inverse ETFs (Hedge)

Utilizing inverse ETFs within client portfolios and strategies can serve to reduce risk of a market security or asset decline. A portfolio can lose value because of the exposure to inverse ETFs.

High Active Share

Accounts in a model can deviate materially from the relative benchmark's positioning as it may take active or concentrated positions. Accounts assigned to a model may experience high tracking error, meaning their relative performance to the benchmark is highly variable.

Market

Including but not limited to the proper functioning of markets, economic events, geo-political events, natural disasters or events, terrorism, regulatory events. These market events may have a significant impact on the value of accounts assigned to a model.

Item 9 Disciplinary Information

The Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, 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. **Private Investment Funds.** Argent Wealth Management, Inc.'s President, David M. Duchesneau is the sole owner and managing member of Argent Wealth Equity Management, LLC, which is the managing member of the *affiliated fund*. The Registrant and its affiliates have financial interests in the *affiliated fund*. In general, affiliates of the Registrant intend to maintain significant investments in the *affiliated fund*.

The *affiliated fund* may co-invest with third parties or otherwise participate in pooled investment vehicles with others if the Registrant determines that such investments or arrangements represent the best way to access a particular investment opportunity. Partners of the *affiliated fund* or affiliates of the Registrant may manage or have direct investments in these pooled investments as well. Additionally, the *Fund* may invest in private securities in which investors in the *affiliated fund* serve as board members, officers, employees, or investors. These relationships create conflict of interest between the Registrant and the *affiliated fund's* investors. However, conflicts of interest are mitigated by the fact that affiliates of the Registrant and *affiliated fund* investors do not receive any fees or compensation from the *affiliated fund* for their involvement in these investments. Additionally, with respect to any private investment, affiliates of the Registrant and investors in the *affiliated fund* that are directly involved in these specific investments do not receive any benefits relative to the other partners in the *affiliated fund*. Yet in transactions involving several related parties, the Registrant is subject to conflicts of interest. We also mitigate this conflict of interest by disclosing it to our clients. **The Registrant's Chief Compliance Officer, Richard D. Kahn,**

remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest such arrangement creates.

Licensed Attorneys and Law Firm. Argent Wealth Management, LLC's Chief Executive Officer and Managing Director, David M. Duchesneau, and Registrant's Chief Compliance Officer and Managing Director, Richard D. Kahn, are also licensed attorneys, and the sole members of the law firm Duchesneau & Kahn, LLP. To the extent that a client specifically requests legal advice, the Registrant may recommend the services of an attorney, including Mr. Duchesneau and/or Mr. Kahn, in their individual capacities as licensed attorneys, and/or the services of the law firm Duchesneau & Kahn, LLP. Any such legal advice or other legal services shall be rendered independent of the Registrant pursuant to a separate agreement between the client and attorney. The Registrant shall not receive any of the fees charged by the attorney, referral or otherwise.

Conflict of Interest: The recommendation by Registrant's representatives that a client engage the services of Mr. Duchesneau and/or Mr. Kahn, in their individual capacities as licensed attorneys, or Duchesneau & Kahn, LLP, presents a conflict of interest. No client is under any obligation to engage Mr. Duchesneau and/or Mr. Kahn, in their individual capacities as licensed attorneys, or Duchesneau & Kahn, LLP. **The Registrant's Chief Compliance Officer, Richard D. Kahn, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisers that it recommends or selects for its clients.

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

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

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

- B. As disclosed above, the Registrant and its affiliates have financial interests in the *affiliated fund*. In general, affiliates of the Registrant intend to maintain significant investments in the *affiliated fund*. Clients should refer to Item 10 above for more information about the conflicts of interest presented by the *affiliated fund*.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee 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 Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects.

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

Item 12 Brokerage Practices

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

Factors that the Registrant considers in recommending *Schwab and/or Fidelity* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant 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 Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Registrant receives from Schwab and/or Fidelity (and potentially other broker-dealers, custodians, investment platforms, unaffiliated investment managers, vendors, or fund sponsors) free or

discounted support services and products. Certain of these products and services assist the Registrant to better monitor and service client accounts maintained at these institutions. The support services that Registrant obtains can include investment-related research; pricing information and market data; compliance or practice management-related publications; discounted or free attendance at conferences, educational or social events; or other products used by Registrant to further its investment management business operations.

Specifically, in return for effecting certain securities transactions through *Fidelity*, Registrant receives certain investment research products or services which assist the Registrant in its investment decision-making process for clients pursuant to Section 28(e) of the Securities Exchange Act of 1934 (generally referred to as a “soft-dollar” arrangement). Investment research products or services received by Registrant may include, but are not limited to, analyses pertaining to specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications, portfolio management systems, and statistical and pricing services. Although the commissions paid by Registrant's clients shall comply with the Registrant's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Although the investment research products or services that may be obtained by Registrant will generally be used to service all of Registrant's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. With respect to investment research products or services obtained by the Registrant that have a mixed use of both a research and non-research (i.e., administrative, etc.) function, Registrant shall make a reasonable allocation of the cost of the product or service according to its use - the percentage of the product or service that provides assistance to the Registrant's investment decision-making process will be paid for with soft dollars while that portion which provides administrative or other non-research assistance will be paid for by the Registrant with hard dollars. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee.

The Registrant currently receives soft dollars on a three to one commission to soft-dollar ratio from *Fidelity*. The Registrant does not receive soft dollars from *Schwab*. This means that for every three dollars in commission transactions that the Registrant engages in on certain accounts at *Fidelity*, the Registrant will receive one dollar in soft-dollar credits to be applied towards eligible research products. The Registrant does not take this fact into consideration when recommending either *Schwab* or *Fidelity* to clients, as the total amount of soft dollars received is not significant, even though in theory this could create a preference for the Registrant to recommend *Fidelity*. In fact, *Schwab* is the custodian for more of our clients' assets than *Fidelity*, and clients remain free to select whichever custodian that they prefer to hold their account.

Schwab and/or *Fidelity* may also provide the Registrant with other services intended to help the Registrant manage and further develop its business enterprise, including assistance in the following areas: consulting, publications and presentations, information technology, business succession, and marketing. In addition, *Schwab* and/or *Fidelity* may make available or arrange and/or pay for these types of services provided by independent third parties, including regulatory compliance.

Except as otherwise provided, *Schwab's* and *Fidelity's* responsibility is limited to executing transactions pursuant to the direction of the Registrant. Unless a client was referred by *Fidelity* or Schwab through the WAS program or Schwab *Advisor Network* (each defined below), neither *Schwab* or *Fidelity* has assisted in the selection of the Registrant and the client has the sole and exclusive responsibility for the selection of the Registrant. The client agrees that the Registrant is solely responsible for the management of client's portfolio

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

Registrant's clients do not pay more for investment transactions effected or assets maintained at Schwab and/or Fidelity or other broker-dealers and custodians because of these arrangements. There is no corresponding commitment made by the Registrant to any broker-dealer or custodian or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangements. Clients should carefully review the disclosures below regarding Fidelity's WAS program and Schwab's *Advisor Network* (each defined below).

Reimbursement of Costs – Additional Information:

The Registrant has also received certain reimbursements of marketing and other costs relating to an annual client event from Fidelity, Columbia Threadneedle Funds, Oppenheimer Mutual Funds, State Street Global Advisors, John Hancock Funds, Intercontinental Real Estate Funds, Credit Suisse Asset Management, Jensen Investment Management, Ivy Funds, DWS Investments, Gannett, Welsh & Kottler, JP Morgan Asset Management, Schaffer-Cullen, Constitution Capital Partners, Blackrock/iShares, Diamond Hill Capital Management, Southwest Value Partners, Baron Funds, Morgan Stanley Investment Management, Polen Capital, Smith Capital Investors, Tortoise Advisors, Hartford Funds, Alliance Bernstein, American Century and Eaton Vance Funds (collectively, the "Providers"). The Registrant is under no legal obligation as a result of these reimbursements to use or recommend the Providers for brokerage, custodial, investments or other services.

The Registrant's Chief Compliance Officer, Richard D. Kahn, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interests these arrangements create.

2. **Fidelity Referral Program.** The Registrant participates in the *Fidelity* Wealth Advisory Services referral program ("WAS"). The WAS program is designed to help investors find independent investment advisors. *Fidelity* is unaffiliated with Registrant. *Fidelity* does not supervise Registrant and has no responsibility for Registrant's management of clients' referrals through WAS. As more fully described in Item 14.B, beginning in November 2012, the Registrant pays referral fees to *Fidelity*. Registrant's participation in the referral program raises conflicts of interest, since *Fidelity* will most likely refer clients to investment advisors that encourage their clients to custody their assets at *Fidelity*. **The Registrant's Chief Compliance Officer, Richard D. Kahn, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflicts of interest this arrangement creates.**

Schwab Referral Program. The Registrant participates in the *Schwab* Advisor Network referral program ("*Advisor Network*"). The *Advisor Network* program is designed to help investors find

independent investment advisers. *Schwab* is unaffiliated with Registrant. *Schwab* does not supervise Registrant and has no responsibility for Registrant's management of clients' referrals through *Advisor Network*. As more fully described in Item 14B, the Registrant pays referral fees to *Schwab*. Registrant's participation in the referral program raises conflicts of interest, since *Schwab* will most likely refer clients to investment advisers that encourage their clients to custody their assets at *Schwab*. **The Registrant's Chief Compliance Officer, Richard D. Kahn, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflicts of interest this arrangement creates.**

3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected 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 Registrant 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 Registrant. 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.

In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

The Registrant's Chief Compliance Officer, Richard D. Kahn, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant maintains procedures to rotate the execution of aggregated orders among its custodians in an effort to treat each client's account fairly and equitably. The Registrant shall not receive any additional compensation or remuneration because of its aggregation practices.

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in

person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.

- B. The Registrant *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 regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant receives an economic benefit from *Schwab, Fidelity* and other sources. The Registrant, without cost (and/or at a discount), receives support services and products from *Schwab, Fidelity* and the other sources listed above. Please see Item 12 above for additional information about these relationships and the conflicts of interest that they create.
- B. If a client is introduced to the Registrant by a solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any referral fee is paid solely from the Registrant's investment advisory fee, and will not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor will provide each prospective client with a copy of the current version of this Brochure and a separate written disclosure statement disclosing the terms of the arrangement between the Registrant and the solicitor, including the compensation to be paid by the Registrant to the solicitor.

i. Participation in Fidelity Wealth Advisor Solutions®. Registrant participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which Registrant receives referrals from Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and Fidelity Investments company. Registrant is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control Registrant, and FPWA has no responsibility or oversight for [Advisor's] provision of investment management or other advisory services.

Under the WAS Program, FPWA acts as a solicitor for Registrant, and Registrant pays referral fees to FPWA for each referral received based on Registrant's assets under management attributable to each client referred by FPWA or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from FPWA to Registrant does not constitute a recommendation or endorsement by FPWA of Registrant's particular investment management services or strategies. More specifically, Registrant pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, Registrant has agreed to pay FPWA a minimum annual fee amount

in connection with its participation in the WAS Program. These referral fees are paid by Registrant and not the client.

To receive referrals from the WAS Program, Registrant must meet certain minimum participation criteria, but Registrant may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, Registrant has a conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and Advisor has an incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to Registrant as part of the WAS Program. Under an agreement with FPWA, Registrant has agreed that Advisor will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, Registrant has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when Registrant's fiduciary duties would so require, and Registrant has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA's affiliates to another custodian; therefore, Registrant may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit Registrant's duty to select brokers on the basis of best execution.

ii. Participation in Schwab Advisor Network®. Registrant receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Registrant's participation in the *Advisor Network*® program. The *Advisor Network*® program is designed to help investors find an independent investment advisor. *Schwab* is a broker-dealer independent of and unaffiliated with Registrant. *Schwab* does not supervise Registrant and has no responsibility for Registrant's management of clients' portfolios or Registrant's other advice or services. Registrant pays *Schwab* fees to receive client referrals through the *Advisor Network*® program. Registrant's participation in the *Advisor Network*® program raises conflicts of interest described below.

Registrant pays *Schwab* a Participation Fee on all referred clients' accounts that are maintained in custody at *Schwab* and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Registrant is a percentage of the fees the client owes to Registrant or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Registrant pays *Schwab* the Participation Fee for so long as the referred client's account remains in custody at *Schwab*. The Participation Fee is billed to Registrant quarterly and may be increased, decreased or waived by *Schwab* from time to time. The Participation Fee is paid by Registrant and not by the client. Registrant has agreed not to charge clients referred through the *Advisor Network*® program fees or costs greater than the fees or costs Registrant charges clients with similar portfolios who were not referred through the *Advisor Network*® program.

Registrant generally pays *Schwab* a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from *Schwab*. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at *Schwab*. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than *Schwab*. The Non-Schwab Custody Fee is higher than the Participation

Fees Registrant generally would pay in a single year. Thus, Registrant will have an incentive to recommend that client accounts be held in custody at *Schwab*.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Registrant's clients who were referred by *Schwab* and those referred clients' family members living in the same household. Thus, Registrant will have incentives to encourage household members of clients referred through the *Advisor Network®* program to maintain custody of their accounts and execute transactions at *Schwab* and to instruct *Schwab* to debit Registrant's fees directly from the accounts.

For accounts of Registrant's clients maintained in custody at *Schwab*, *Schwab* will not charge the client separately for custody but will receive compensation from Registrant's clients in the form of commissions or other transaction-related compensation on securities trades executed through *Schwab*. *Schwab* also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than *Schwab*. *Schwab*'s fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Registrant has an incentive to cause trades to be executed through *Schwab* rather than another broker-dealer. Registrant nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at *Schwab* may be executed through a different broker-dealer than trades for Registrant's other clients. Thus, trades for accounts custodied at *Schwab* may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Item 15 Custody

The Registrant has the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. In addition, the Registrant is deemed to have custody over certain cash and securities as a result of certain services it provides on behalf of its clients and its management of the *affiliated fund*. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

Item 16 Investment Discretion

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

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular

securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, or limit or proscribe the Registrant's use of margin).

Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities 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.

The Registrant will not be responsible and each client has the right and responsibility to take any actions with respect to any legal proceedings, including without limitation, bankruptcies and shareholder litigation, and the right to initiate or pursue any legal proceedings, including without limitation, shareholder litigation, including with respect to transactions, securities or other investments held in the client's account or the issuers thereof.

- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. The Registrant does not solicit investment advisory fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant 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. The Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: The Registrant's Chief Compliance Officer, Richard D. Kahn, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.