

STRATWEALTH

SEC File #801-61179

ADV Part 2A, Firm Brochure
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Contact: James Griesser, Chief Compliance Officer
8170 Maple Lawn Blvd., Suite 100
Fulton, Maryland 20759
410-988-9494
www.strat-wealth.com

This Brochure provides information about the qualifications and business practices of Strategic Wealth Management Group, LLC d/b/a “StratWealth.” If you have any questions about the contents of this Brochure, please contact us at jgriesser@strat-wealth.com or 410-988-9494. 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 StratWealth also is available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to StratWealth 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

There have been no material changes made to this ADV Part 2A, Firm Brochure since the March 8, 2019 Annual Amendment filing.

ANY QUESTIONS: StratWealth's Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client has about the changes described above or any other aspect of this Brochure.

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Item 4 **Advisory Business**

- A. Strategic Wealth Management Group, LLC, d/b/a StratWealth (the “Registrant”) is a Maryland limited liability company formed on February 14, 2001. The Registrant became registered with the Securities and Exchange Commission on May 17, 2002. The Registrant is owned by James Griesser, James Eichelberger, Gary Desjardins Jennine LaCroix, Joseph Garrison, Kimberly Magaha, Patricia Achterhof, Amanda Campbell, and James DeCarlo. However, none of those individuals own 25% or more of the Registrant, and are therefore not considered “principal owners” for the purposes of this ADV Part 2A, Firm Brochure.
- B. The Registrant offers investment advisory services, financial planning and consulting services, and retirement plan consulting services to its clients, who are generally comprised of: individuals, high net worth individuals, pension & profit sharing plans, and corporations or other businesses as discussed further below.

INVESTMENT ADVISORY SERVICES

The client can engage the Registrant to provide discretionary or non-discretionary investment advisory services on a fee basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under 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.

As part of the investment advisory process, or upon specific client request, Registrant may provide limited financial planning or consulting services without additional charge. While Registrant believes it is important for clients to address financial planning issues on an ongoing basis, Registrant’s investment advisory fee will remain the same regardless of whether the client addresses those issues with Registrant. If Registrant determines in its sole discretion that a client is seeking extraordinary financial planning or consulting services, Registrant may offer to provide them under a separate, stand-alone Financial Planning and Consulting Agreement as described below.

The Registrant provides investment advisory services tailored specifically to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client’s investment objectives and selected investment strategies. Then, the Registrant will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. The Registrant primarily allocates or recommends that clients allocate investment assets among: exchange-listed securities, mutual funds, individual bonds, bond funds, exchange traded funds (“ETFs”), independent managers/separate account managers, and certificates of deposit on a discretionary or non-discretionary basis in accordance with the client’s designated investment objectives. Once allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives and may execute or recommend execution of account transactions based on those reviews or other triggering events.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, the Registrant may also 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. Before engaging the Registrant to provide stand-alone planning or consulting services, clients are required to enter into a Financial Planning and Consulting Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client before Registrant commences services.

RETIREMENT PLAN SERVICES

The Registrant offers retirement plan services to sponsors of self-directed retirement plans organized under the Employee Retirement Security Act of 1974 (“ERISA”). The terms and conditions of the engagement between the Registrant and the plan sponsor will be set forth in a Retirement Plan Services Agreement. If Registrant performs these services in an ERISA Section 3(21) capacity, it will assist the plan sponsor with the development of investment policy statements, and then the selection and monitoring of investment alternatives from which plan participants may choose in self-directing the investments for their individual plan retirement accounts.

Upon request by the plan sponsor, Registrant may also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. If the plan sponsor chooses to engage the Registrant in an ERISA Section 3(38) capacity, Registrant may provide the same services as described above, but may also: create specific asset allocation models that Registrant manages on a discretionary basis, which plan participants may choose in managing their individual retirement account; and/or modify the investment options made available to plan participants on a discretionary basis.

MISCELLANEOUS

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. To the extent requested by the 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 or accounting firm, and no portion of its services should be construed as legal or accounting services. Accordingly, Registrant does not prepare estate planning documents or tax returns. Unless specifically agreed in writing, neither Registrant nor its representatives are responsible to: implement any financial plans or financial planning advice; provide ongoing financial planning services; or provide ongoing monitoring of financial plans or financial planning advice. The client is solely responsible to revisit the financial plan or financial planning advice with Registrant, if desired. The client retains absolute discretion over all financial planning and related implementation decisions, and is free to accept or reject any recommendation from Registrant and its representatives. Registrant’s financial planning and consulting services are completed upon communicating its recommendations to the client. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including through the Registrant as an insurance producer as described in Items 5.E. and 10.C. below. Clients are under no obligation to engage the services of any recommended professional, who shall be solely responsible for the quality and competency of the services they provide. If the client engages any unaffiliated recommended professional, and a dispute arises related to the engagement, the client should seek recourse exclusively from and against the engaged professional. The

recommendation by Registrant's representative that a client purchase an insurance commission product through Registrant 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 need. No client is under any obligation to purchase any insurance commission products through Registrant. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non-affiliated insurance agencies. Registrant's Chief Compliance Officer, James Griesser remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

Non-Discretionary Service Limitations. Clients that determine to engage Registrant on a non-discretionary investment advisory basis must be willing to accept that Registrant cannot execute any account transactions without obtaining the client's prior consent to the transactions. Therefore, if Registrant would like to make a transaction for a client's account (including removing a security that the Registrant no longer believes is suitable, adding a security that the Registrant believes is suitable, or in the event of a market correction), and the client is unavailable, Registrant will be unable to execute the account transactions (as it would for its discretionary clients) without first obtaining the client's consent.

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

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 ("Independent Managers") in accordance with the client's designated investment objectives. In such situations, the Independent Managers will have day-to-day responsibility for the active discretionary management of the allocated assets according to the terms and conditions of a separate agreement executed between the client and the Independent Managers. The Registrant will 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. The Registrant considers the following factors when recommending Independent Managers: the client's designated investment objectives; management style; performance; reputation; financial strength; reporting; pricing; and research. The investment management fee charged by the Independent Managers is separate from, and in addition to, Registrant's advisory fee as set forth in Item 5, which will be disclosed to the client before entering into the Independent Manager engagement and/or subject to the terms and conditions of a separate agreement between the client and the Independent Managers.

Asset Aggregation / Reporting Services. Registrant may provide access to reporting services through one or more third-party aggregation / reporting platforms that can reflect all of the client's investment assets, including those investment assets that the client has not engaged the Registrant to manage (the "Excluded Assets"). Registrant's service for the Excluded Assets is strictly limited to reporting, and specifically excludes investment management or implementation. Because Registrant does not have trading authority for the Excluded Assets, the client (and/or another investment professional), and not Registrant, shall be exclusively responsible for directly implementing any recommendations for the Excluded Assets. Further, the client and/or their other advisors that maintain trading

authority, and not Registrant, shall be exclusively responsible for the investment performance or related activity (such as timing and trade errors) pertaining to the Excluded Assets. The third-party aggregation / reporting platforms may also provide access to financial planning information and applications, which should not be construed as services, advice, or recommendations provided by Registrant. Accordingly, Registrant shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the third party reporting platforms without Registrant's participation or oversight.

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

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

Disclosure Statement. A copy of the Registrant's written Brochure as set forth on Part 2 of Form ADV will be provided to each client before, or contemporaneously with, the execution of the applicable form of client agreement.

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

Availability of Mutual Funds and Exchange Traded Funds. While the Registrant may allocate investment assets to mutual funds and exchange traded funds (“ETFs”) that are not available directly to the public, the Registrant may also allocate investment assets to publicly-available mutual funds and ETFs that the client could purchase without engaging Registrant as an investment adviser. However, if a client or prospective client determines to purchase publicly-available mutual funds or ETFs 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 with respect to management of the asset.

Fee Differentials / Conflict of Interest. As indicated below, Registrant charges for its investment advisory services based upon various objective and subjective factors. In certain circumstances, Registrant, in its sole discretion, may charge a different fee (higher or lower) to its clients based upon certain criteria such as but not limited to: the market value of the assets under management, the complexity of the engagement, the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, similarly situated clients could pay different fees, and the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. Registrant’s Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client may have regarding advisory fees.

Cash Positions. The Registrant may maintain cash and cash equivalent positions (such as money market funds) for defensive and liquidity purposes. Unless otherwise agreed in writing, all cash and cash equivalent positions will be included as part of assets under management for purposes of calculating the Registrant’s investment advisory fee.

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

- C. The Registrant provides investment advisory services tailored specifically to the needs of each client. 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 client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2019, the Registrant had \$1,109,399,036 in assets under management on a discretionary basis and \$361,974,988 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

A. INVESTMENT ADVISORY SERVICES

The client can engage the Registrant on a negotiable fee basis to provide discretionary and/or non-discretionary investment advisory services including limited financial planning and consulting services. The negotiable annual fee is based upon a percentage (%) of the total market value and type of assets placed under management, generally between 0.25% and 1.50%. As indicated in Item 4 above, Registrant prices its services based upon various objective and subjective factors. In certain circumstances, Registrant, in its sole discretion, may charge a different fee (higher or lower) to its clients based upon certain criteria such as but not limited to: the market value of the assets under management, the complexity of the engagement, the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, similarly situated clients could pay different fees, and the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. Registrant's Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client may have regarding advisory fees.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

The Registrant may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's financial planning and consulting fees are negotiable, but generally range from \$2,500 to \$10,000 on a fixed fee basis, and \$250 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

RETIREMENT PLAN SERVICES

The Registrant charges a negotiable annual fee for retirement plan services, which generally ranges from 0.10% to 1.50% of plan assets depending on the level and scope of services requested, and the size of the plan.

- 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 advisory 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 will generally deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter. For Retirement Plan Services clients, the Registrant may alternatively collect fees monthly in arrears based on the average daily balance of the plan's assets during the billing period.

- C. Unless the client directs otherwise or an individual client's circumstances require, the Registrant will generally recommend that Charles Schwab and Co., Inc., an SEC registered, FINRA and SIPC member broker-dealer and its affiliates ("Schwab") or TD Ameritrade, Inc., an SEC-registered and FINRA / SIPC / NFA member broker-dealer and its affiliates ("TD Ameritrade") to serve as the broker-dealer/custodian for client investment advisory assets. Broker-dealers charge transaction fees for effecting certain securities transactions according to their fee schedule, and they or their affiliated custodians also impose additional charges for custodial services / fees associated with maintaining the client's account. For mutual fund and ETF purchases, clients will incur charges imposed by the respective fund, which represent the client's pro rata share of the fund's management fee and other fund expenses. These fees and expenses are described in each fund's prospectus or other offering documents. The fees charged by the applicable broker-dealer/custodian, and the charges imposed by mutual funds and ETFs, are separate from and in addition to Registrant's advisory fee referenced in this Item 5. Registrant does not share in any portion of those fees or expenses.
- D. For the initial billing quarter, the Registrant's fee is payable quarterly in advance on the forty-fifth (45th) calendar day of the quarter, based on the market value of the assets on that date. Thereafter, the Registrant's annual investment advisory fee is paid quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter. The Registrant generally does not require a minimum annual investment advisory fee. The Registrant, in its sole discretion, may reduce its investment advisory fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, familial relationship, dollar amount of assets to be managed, related accounts, account composition, etc.). Upon termination of the Investment Advisory Agreement, the Registrant will refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter. If the Financial Planning and Consulting Agreement is terminated before the Registrant presents the financial plan to the client: the Registrant will refund any unearned, pre-paid portion of the fee that was advanced by the Client; or the Registrant will bill the client directly for outstanding fees incurred for services rendered.

For Retirement Plan Services clients, the fee arrangement can vary based on the capabilities of the retirement plan platform provider. In addition to the quarterly in advance methodology described above, Registrant's annual fee may alternatively be prorated and payable monthly, in arrears, based on either: (i) the Average Daily Balance of the plan assets during the billing month or (ii) the market value of plan assets on the last day of the billing month. The Average Daily Balance is calculated by dividing the total market value for the plan assets during the course of the fee period by the number of days in the fee period.

- E. Insurance Commission Transactions. Upon request, clients may engage the Registrant to purchase equity indexed annuities or other insurance products on a commission basis. The commissions charged by Registrant may be higher or lower than those charged by other licensed insurance producers.
1. Conflict of Interest: The recommendation that a client purchase an equity indexed annuity or other insurance product on a commission basis 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 need. No client is under any obligation to purchase any commission products from Registrant's representatives. Registrant's Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.
 2. Clients may purchase equity indexed annuities or other insurance products recommended by Registrant through other, non-affiliated broker-dealers, agencies or agents.
 3. Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of equity indexed annuities or insurance commission products Registrant recommends to its clients.
 4. When Registrant's representatives sell an insurance product on a commission basis, Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Registrant's representatives do not also receive commission compensation for such advisory services. However, a client may engage Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis.

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 currently include: individuals, high net worth individuals, pension & profit sharing plans, and corporations or other businesses. The Registrant generally does not require a minimum annual investment advisory fee. The Registrant, in its sole discretion, may reduce its investment advisory fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, familial relationship, dollar amount of assets to be managed, related accounts, account composition, etc.). As indicated in Items 4 and 5 above, Registrant shall price its services based upon various objective and subjective factors. In certain circumstances, Registrant, in its sole discretion, may charge a different fee (higher or lower) to its clients based upon certain criteria such as: the market value of the assets under management, the complexity of the engagement, the level and scope of the overall investment advisory and/or consulting

services to be rendered. As a result of these factors, similarly situated clients could pay different fees, and the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. Registrant's Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client may have regarding advisory fees.

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

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

- Charting – analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices;
- Fundamental – analysis performed on historical and present data, with the goal of making financial forecasts; and
- Technical – analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of price.


The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases – securities held at least a year; and
- Short Term Purchases – securities sold within a year.

Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear, including the complete loss of principal investment. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level. Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease and client account values could suffer a loss.

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 are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow



for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C. Currently, the Registrant primarily allocates or recommends that clients allocate investment assets among: exchange-listed securities, mutual funds, bonds, ETFs, Independent Managers / separate account managers, and certificates of deposit and cash equivalents on a discretionary or non-discretionary basis in accordance with the client's designated investment objectives and strategies. Each type of investment has its own unique set of risks associated with it. The following provides a short description of some of the underlying risks associated with the types of investments that Registrant uses or recommends:

Market Risk. The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors (such as economic or political factors), but may also be incurred because of a security's specific underlying investments. Additionally, each security's price can fluctuate based on market movement, which may or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.

Unsystematic Risk. Unsystematic risk is the company-specific or industry-specific risk in a portfolio that the investor bears. Unsystematic risk is typically addressed through diversification. However, as indicated above, diversification does not guarantee better performance and cannot eliminate the risk of investment losses.

Value Investment Risk. Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause a portfolio to underperform growth stocks.

Growth Investment Risk. Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile.

Small Company Risk. Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, small capitalization companies are more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

Commodity Risk. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments.

Foreign Securities and Currencies Risk. Foreign securities prices may decline or fluctuate because of: (i) economic or political actions of foreign governments, and/or (ii) less regulated or liquid securities markets. Investors holding these securities are also exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the U.S. dollar).

Interest Rate Risk. Fixed income securities and fixed income-based securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices tend to fall. When interest rates fall, fixed income security prices tend to rise. In general, fixed income securities with longer maturities are more sensitive to these price changes.

Inflation Risk. When any type of inflation is present, a dollar at present value will not carry the same purchasing power as a dollar in the future, because that purchasing power erodes at the rate of inflation.

Reinvestment Risk. Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate), which primarily relates to fixed income securities.

Credit Risk. The issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and impact performance. Credit risk is considered greater for fixed income securities with ratings below investment grade. Fixed income securities that are below investment grade involve higher credit risk and are considered speculative.

Call Risk. During periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.

Regulatory Risk. Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. For example, changes in zoning, tax structure or laws may impact the return on investments.

Item 9 Disciplinary Information

The Registrant has not been the subject of a disciplinary action.

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. Licensed Insurance Producer. Registrant is a Registered Insurance Producer in Maryland that may receive commission payments from the sale of insurance products. Also, as indicated in Item 4B above, certain of Registrant's investment adviser representatives/related persons are, in their individual capacities, licensed insurance agents who may recommend the purchase of certain insurance-related products and may be engaged to effect such transactions on a commission basis.

Conflict of Interest: The recommendation by Registrant's representatives that a client purchase an insurance commission product 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 need. No client is under any obligation to purchase any insurance commission products from Registrant's investment adviser representatives. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non-affiliated insurance agents. The Registrant's Chief Compliance Officer, James Griesser, 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 recommend or select other investment advisors for its clients for which the Registrant receives compensation.

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

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

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

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/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 presents 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 before 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 Access Person of the Registrant must provide the Chief Compliance Officer or a designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Furthermore, Access Persons must provide the Chief Compliance Officer with a quarterly transaction report, detail all trades in the Access Person's account during the previous quarter; and on an annual basis, each Access Person must provide the Chief Compliance

Officer with a written report of the Access Person's current securities holdings. However, at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- 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 presents a conflict of interest. As indicated above in Item 11C, 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. Upon client request 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 advisory accounts be maintained at Schwab or TD Ameritrade. Before engaging Registrant to provide investment advisory 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 or TD Ameritrade (or another 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 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. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment advisory fee.

1. Non-Soft Dollar 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, Registrant receives from Schwab and TD Ameritrade (or could receive from another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, or mutual fund sponsor) without cost (or at a discount) support services or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. The support services that Registrant can obtain may include: investment-related research; pricing information and market data; software and other technology that provide access to client account data; compliance and/or practice management-related publications; discounted or free consulting services; discounted or free travel and attendance at conferences or meetings, and other

educational and/or social events; marketing support; computer hardware or software; or other products used by Registrant in furtherance of its investment advisory business operations. As referenced above, certain of the support services or products that may be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

The receipt of these support services and products presents a conflict of interest, because the Registrant has the incentive to recommend that clients utilize Schwab and TD Ameritrade as a broker-dealer/custodian based upon its interest in continuing to receive the above-described support services and products, rather than based on a client's particular need. However, Registrant's clients do not pay more for investment transactions effected and/or assets maintained at a Schwab and TD Ameritrade or another broker-dealer/custodian as a result of these arrangements. There is no corresponding commitment made by the Registrant to any broker-dealers/custodians 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 arrangements. The Registrant's Chief Compliance Officer, James Griesser, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the conflict of interest presented.

Schwab Advisor Services

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like the Registrant. Schwab Advisor Services provides Registrant and its clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help Registrant manage or administer its clients' accounts while others help Registrant manage and grow its business. Schwab may also provide monetary assistance to Registrant to defray certain costs related to certain technology, compliance, legal, business consulting and other related expenses. Schwab's support services are generally available on an unsolicited basis (Registrant does not have to request them) and at no charge to Registrant as long as it maintains a total of at least \$50 million of its clients' assets in accounts at Schwab. Schwab also recently provided support to Registrant valued at approximately \$60,000 per year, with the expectation (though not the express agreement or contingency) that Registrant would continue to maintain at least \$1 billion in client assets under management that will be held in custody by Schwab through approximately March 2019. This approximately \$60,000 was / continues to be used for technology-related expenses to generally help manage client relationships and assets.

In other cases, Schwab may choose to make charitable donations to unaffiliated non-profit organizations upon Registrant's request. The following is a more detailed description of Schwab's support services.

Schwab Advisor Services that Benefit the Client

Schwab's services described in this paragraph generally benefit clients and client accounts, but may also benefit the Registrant as well. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through

Schwab include some to which Registrant might not otherwise have access or that would require a significantly higher minimum initial investment by its clients.

In this respect, Schwab agreed to make a mobile application available to Registrant's clients, which is provided by Performance Technologies, Inc. d/b/a Schwab Performance Technologies. This mobile application is for Apple® and Android™ mobile devices, which is branded for the Registrant and includes such functions as: "Advisor News," consisting articles or other content generated by the Registrant; a mobile check deposit function; an "Account View" feature that clients can use to view their accounts managed by Registrant and maintained with Schwab; a "Schwab Market Update" feature that displays general market news and commentary; and links to Registrant's website. Schwab agreed to waive its \$5,000 one-time set up fee to Registrant for the mobile application. However, there is no guarantee that Schwab will waive any future fees that would be payable by Registrant with respect to the mobile application.

Schwab Advisor Services that May Not Directly Benefit the Client

Schwab also makes available to Registrant other products and services that benefit Registrant but may not directly benefit its clients or its clients' accounts. These products and services assist Registrant in managing and administering its clients' accounts. Such products and services may include investment research, both Schwab's own and that of third parties. Registrant may use this research to service all or some substantial number of its clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that: provides access to client account data (such as duplicate trade confirmations and account statements); facilitates trade execution and allocates aggregated trade orders for multiple client accounts; provides pricing and other market data; facilitates payment of Registrant's fees from clients' accounts; and assists with back-office functions, recordkeeping and client reporting. Finally, as indicated above, Schwab provided support to Registrant valued at approximately \$60,000 per year, with the expectation (though not the express agreement or contingency) that Registrant would continue to maintain at least \$1 billion in client assets under management that will be held in custody by Schwab.

Schwab Advisor Services that Generally Benefit Only Registrant

Schwab also offers other services intended to help Registrant manage and further develop Registrant's business enterprise. These services include: educational conferences and events; technology, compliance, legal, and business consulting; publications and conferences on practice management and business succession; and access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to Registrant. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide Registrant with other benefits such as occasional business entertainment of Registrant's personnel.

Conflicts of Interest

The availability of the services from Schwab described above benefit Registrant because it does not have to produce or purchase them. Registrant does not have to pay for Schwab's services so long as it: generally maintains a total of at least \$50 million of client assets in accounts at Schwab; and with respect to the approximately \$60,000 for technology-related expenses, with the expectation (though not the express agreement or contingency) that Registrant would maintain at least \$1 billion in client assets under management held in Schwab's custody through approximately March 2019. Beyond that, these services are not contingent upon Registrant committing any specific amount of business to Schwab in trading commissions or assets in custody.)

However, the \$50 million and \$1 billion minimums may give Registrant an incentive to suggest that clients maintain their account with Schwab as broker-dealer / custodian based on Registrant's interest in receiving Schwab's services that benefit Registrant's business rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of transactions. This creates a conflict of interest. When recommending Schwab's services, however, Registrant reasonably believes that its selection of Schwab as custodian and broker is in the best interests of its clients based upon the factors discussed above. Further, based on the value of Registrant's assets under management as reported above under Item 4.E., and the amount of its client assets currently held in custody at Schwab, the Registrant does not believe that: maintaining at least \$50 million of assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest; nor does the expectation (but not requirement) that Registrant maintain approximately \$1 billion in client assets at Schwab presents a material conflict of interest (especially because the approximately \$60,000 benefit is not expressly contingent upon Registrant maintaining any specific level of its clients' assets with Schwab). The Registrant's Chief Compliance Officer, James Griesser, remains available to address any questions about the above arrangements and the related conflicts of interest presented.

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). 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, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

If 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.


- B. To the extent that the Registrant provides investment advisory services to its clients, the transactions for each client account generally will be executed 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 seek best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

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 or investment adviser representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives 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 and/or electronic 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 economic benefits from Schwab and TD Ameritrade (or could receive similar benefits from other broker-dealers/custodians) such as support services and/or products without cost (or at a discount). Registrant’s clients do not pay more for investment transactions effected and/or assets maintained at Schwab, TD Ameritrade or another broker-dealer/custodian as a result of these arrangements. There is no corresponding commitment made by the Registrant to any broker-dealer/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 as a result of the above arrangements. The Registrant’s Chief Compliance Officer, James Griesser, remains available to address any questions about the above and the conflicts of interest presented.
- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant’s



investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of the solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

Item 15 Custody

The Registrant shall have written authorization granting it the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. 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, Registrant urges clients to carefully review those statements and compare them to custodial account statements. Registrant's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. The account custodian does not verify the accuracy of the Registrant's advisory fee calculations.

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

Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary or non-discretionary basis. Before the Registrant assumes discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement, naming the Registrant as 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, limit or proscribe the Registrant's use of margin, etc.).



Item 17 Voting Client Securities

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

Item 18 Financial Information

- A. The Registrant does not solicit 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, James Griesser, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.