

AmeriCU Capital Management, LLC

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FORM ADV PART 2A BROCHURE

This brochure provides information about the qualifications and business practices of AmeriCU Capital Management, LLC. If you have any questions about the contents of this brochure, contact us at 315-356-3236. 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 AmeriCU Capital Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for AmeriCU Capital Management, LLC is 133322.

AmeriCU Capital Management, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment, dated March 27, 2019, we have no material changes to report.

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Item 4 Advisory Business

Firm Profile

AmeriCU Capital Management, LLC, a New York limited liability company, is a registered investment adviser based in Rome, New York. We have been providing investment advisory services since 2005. The firm is a wholly-owned subsidiary of AmeriCU Credit Union.

As used in this brochure, the words "we," "our," "firm," and "us" refer to AmeriCU Capital Management, LLC and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm. You may also see the term "Associated Person" or "Investment Adviser Representative" used in this brochure. Our Associated Persons or Investment Adviser Representatives include our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

A description of the investment advisory services we offer and how we tailor such services to the investment needs and objectives of our clients is below.

Portfolio Management Services

We offer discretionary portfolio management services that are tailored to meet with your investment needs and objectives. Upon engaging our firm for portfolio management services, we will consult with you to discuss your financial circumstances and objectives and to assist you in determining (a) an appropriate set of financial goals, (b) a time horizon for your investments, and (c) your level of risk tolerance. We will synthesize and evaluate the information gathered during our consultation(s) to design and develop a customized investment portfolio based upon your unique investment profile. We will thereafter monitor the performance of your portfolio on an ongoing basis and use our discretionary authority to re-balance and otherwise adjust its holdings as needed, in view of current economic conditions, our market views, perspectives and assumptions, and your individual financial circumstances.

If you participate in our portfolio management services, we generally require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms. You may limit our discretionary authority (for example, limiting the specific securities or types of securities that can be purchased for your account) by providing us with your restrictions and guidelines in writing.

In limited circumstances, we may offer non-discretionary portfolio management services. If you enter into a non-discretionary arrangement with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. Where your account is managed on a non-discretionary basis, you have an unrestricted right to decline to implement any investment advice or recommendation that are provided by our firm.

While we do not hold ourselves out as a financial planner or a financial planning firm, we may provide clients enrolled in this service with financial planning and/or single subject advisory consulting advice that is incidental to our management of their investment portfolio. This supplemental service is designed, for example, to assist our clients in identifying risk tolerances, investment objectives, and appropriate asset allocations, and to better manage their overall financial affairs. In all cases, these services are provided at no additional cost and within the fee schedule published below.

The investment recommendations we implement within your account as part of our discretionary portfolio management services are based upon your financial situation as reported to our firm by you and/or your authorized representatives (i.e., tax, legal, investment, or other professionals). You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

Pension Consulting Services

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review, formulation of the investment policy statement, asset allocation advice, money management services, investment performance monitoring, on-going consulting, communication and education services. We will assist the plan sponsor in providing meaningful information regarding the retirement plan to its participants.

Certain plans are regulated under the Employee Retirement Income Securities Act ("ERISA"). We will provide pension consulting services to the plan sponsor and/or fiduciaries as described above. In all cases, the pension consulting services we provide are advisory in nature. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary. Without exception, each plan sponsor and/or fiduciary is free to seek independent third party advice about the appropriateness of any of our recommendations.

Advisory Services to Retirement Plans - 408(b)(2) Disclosures

As disclosed above, we offer various levels of advisory and consulting services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under ERISA. Pursuant to adopted regulations of the U.S. Department of Labor under ERISA Section 408(b)(2), we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to your Plan and the compensation we receive for providing the services are described above, and in the service agreement that you have previously signed with our firm. You should also refer to Item 5 below for additional disclosures on fees and compensation. We may, with consent of the Plan, and in accordance with Plan documents, bill out-of-pocket expenses (such as overnight mailings, messenger, translation fees, etc.) at cost. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants. Nonetheless, since Associated Persons of our firm are registered representatives and/or licensed insurance agents, these individuals may receive 12b-1 fees, revenue sharing or other forms of indirect compensation in connection with mutual fund investments allowable under applicable authority through LifeMark Securities Corp. (refer to Items 5, 12, and 14 for additional disclosures). If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation, and the payer of such compensation to you.

In providing services to the Plan and Participants, our status is that of an investment adviser registered under the Investment Advisers Act of 1940, and we are not subject to any disqualifications under Section 411 of ERISA. In performing fiduciary services, we are acting either as a discretionary and/or non-discretionary fiduciary of the Plan as defined in Section 3(21) under ERISA. We do not provide Section 3(38) investment management services.

Accuracy of Client Information

In providing the contracted services, we are not required to verify information we receive from you or from your other professionals (e.g. attorney, accountant, etc.) and we are expressly authorized to rely on the information you provide. You must promptly notify our firm if your financial situation, goals, objectives, or needs change for the purpose of reviewing, evaluating, and/or revising our previous recommendations and/or services.

Types of Investments

We primarily offer advice on mutual funds, exchange traded funds ("ETFs"), and individual securities (stocks/bonds). We may also provide advice on warrants, commercial paper, certificates of deposit, municipal securities, variable products (life insurance and annuities), and U.S. government securities. Additionally, we may recommend other types of investments since each client has different needs and different tolerances for risk. We may also advise you on any type of investment held in your portfolio at the inception of our advisory relationship, or on specific types of investments at your request. You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

Wrap Fee Programs

We do not participate in wrap fee programs.

Assets Under Management

As of March 13, 2020, we provide continuous management services for \$30,390,743 in client assets on a discretionary basis.

Item 5 Fees and Compensation

Portfolio Management Services

Our advisory fee for portfolio management services is based on a percentage of the assets in the client's account, as set forth in the following annual fee schedules:

For accounts up to \$200,000 in value

Assets Under Management	Annualized Fee
First \$100,000	1.50%
Next \$100,001 - \$200,000	1.25%

For accounts over \$200,000 in value

Assets Under Management	Annualized Fee
First \$1,000,000	1.00%
Next \$2,000,000	0.75%
\$3,000,000 and above	0.50%

Our advisory fees are paid quarterly, in advance, and shall be calculated based upon the total value of the client's account (including any cash balances) as of the last business day of the immediately prior billing period. Advisory fees for the initial billing period shall be calculated based upon the initial deposit to the client's account and shall be pro-rated accordingly. Pro-rating of our advisory fees for the initial billing period means that the advisory fee for this period is payable only in proportion to the number of days in the billing cycle for which you are a client. Our advisory fees are negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We typically deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will do so only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian. We do not have access to your funds for our fees without your consent in writing;
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

Where the client is not agreeable to the direct fee deduction procedures outlined above, our advisory fees shall be billed to the client via traditional invoicing methods. In such circumstances, invoices will be delivered to the client either in paper form or electronically, with payment of any balance due upon receipt.

Either party may terminate the portfolio management agreement at any time upon written notice to the other party. You will incur a pro-rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a pro-rated refund of those fees.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this brochure.

Pension Consulting Services

Our fee for pension consulting services is based on the fee schedule described above under the *Portfolio Management Services* section. Our fee is billed and payable quarterly, in advance, based on the market value of the plan assets under our advisement on the last day of the previous quarter. In our discretion, pension consulting fees may be negotiable.

Either party may terminate the pension consulting agreement upon 30 days' written notice to the other party. You will incur a pro-rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Additional Fees and Expenses

Our advisory fees, as described above, are exclusive of, and in addition to, other fees that you may incur, including, but not limited to, the following types of fees: custody and transaction, legal, accounting, and mutual funds' internal investment expenses.

The custodian holding your funds and securities may, on occasion and solely at their discretion, charge fees to you for other services you request in addition to the compensation they receive for custodial services (such as wire transfers or bill pay fees) provided to you. Also, it is the current practice of

certain custodians to charge a "flat" transaction fee to the client on trades executed at other brokers. We do not share in any portion of these additional fees. Refer to the *Brokerage Practices* section below for additional disclosures on this topic.

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and ETFs. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or ETFs (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, ETFs, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

Compensation for the Sale of Securities or Other Investment Products

Executive officers of our firm are also registered representatives with LifeMark Securities Corp., an unaffiliated securities broker-dealer, and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). As such, these individuals are licensed to sell securities and insurance related products for separate commission based compensation, including 12b-1 fees for the sale of investment company products. Sales-based compensation earned by these persons in their capacity as a registered representative is separate and in addition to our advisory fees. This practice presents a conflict of interest because these persons may have an incentive to recommend securities products for the purpose of generating commissions. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

Certain Associated Persons of our firm may be licensed as independent insurance agents with AmeriCU Services, LLC ("AmeriCU Services"), an affiliated licensed insurance agency. These persons will earn separate commission-based compensation for selling insurance products, including insurance products they sell to you. Such compensation is separate and in addition to our advisory fees. The insurance products sold are transacted with a variety of insurance companies on a commission basis. You are under no obligation to purchase or apply for insurance or to use Associated Persons as brokers for insurance product purchases. If you decide to purchase or apply for insurance, or use Associated Persons as the broker for insurance products, a conflict may exist between your interest and that of our Associated Person. Refer to *Other Financial Industry Activities and Affiliations* below for additional disclosures on this topic.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Item 7 Types of Clients

We typically offer investment advisory services to individuals, high net worth individuals, banks and thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$25,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

Generally, fundamental analysis drives our investment process, which involves a study of the financial statements of various companies in order to attempt to forecast their future stock price movements. Fundamental analysis considers such factors as earnings, sales, products, management, and the outlook for the company's industry in an attempt to measure the true value of the company's stock compared to its current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value.

A long term investment strategy is the cornerstone of our investment advisory and wealth building recommendations. Nonetheless, our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine recommendations and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your investment portfolio.

In certain circumstances, we may recommend short-term trading (selling securities within one year of purchase) as an investment strategy. Short-term trading is not a fundamental part of our overall investment process, but we may use this strategy occasionally when we determine that it is suitable to implement your investment strategy.

Tax Disclosures

Our strategies and investments may have unique and significant tax implications. We generally take tax efficiency into consideration in the management of your assets. Nonetheless, regardless of your account size or any other factors, we recommend that you consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the "first-in first-out" ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. You understand that our investment recommendations for your account are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Recommendation of Particular Types of Securities

As disclosed under the *Advisory Business* section above, we primarily offer advice on mutual funds, ETFs, and individual securities (stocks/bonds). Each type of security has its own unique set of associated risks, and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it. Nonetheless, you should be advised of the following risks when investing in these types of securities:

There are numerous ways to measure the risk of equity securities (also known as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, well established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Mutual funds and ETFs are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

Item 10 Other Financial Industry Activities and Affiliations

Registrations with Broker-Dealer

Certain of our Associated Persons are registered representatives with LifeMark Securities Corp., a securities broker-dealer (member FINRA/SIPC). These individuals do not provide investment advice on behalf of our firm, but they will refer prospective clients to us for investment advisory services. If the prospective client retains our firm for investment advisory services, the individual that referred the prospect to us will receive compensation for the referral. Therefore, these individuals have a financial incentive to recommend our firm to you for investment advisory services. Refer to the *Fees and Compensation* section above and the *Client Referrals and Other Compensation* section below for additional disclosures on this topic.

Arrangements with Affiliated Entities

We are 100% owned by AmeriCU Credit Union. Mark A. Pfisterer, Chief Executive Manager of our firm, is also the President and CEO of AmeriCU Credit Union. Mr. Pfisterer spends approximately 98% of his professional time attending to his duties at AmeriCU Credit Union. We expect that clients of our firm may also be clients of AmeriCU Credit Union for banking and other ancillary services. Moreover, Credit Union members may be referred to AmeriCU Capital Management for investment advisory services. Members are under no obligation, contractually or otherwise, to purchase securities products through any person associated with our firm. Our advisory services and related fees are separate and distinct from the compensation paid to AmeriCU Credit Union for banking and/or banking-related services.

We are affiliated with AmeriCU Services, LLC, a licensed insurance agency, through common control and ownership. Mark A. Pfisterer, Chief Executive Manager of our firm, is also the Chief Executive Manager of AmeriCU Services, LLC. Certain persons providing investment advice on behalf of our firm are licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Refer to the *Fees and Compensation* section above for more information on the compensation received by insurance agents who are affiliated with our firm.

These referral arrangements we have with our affiliated entities present a conflict of interest. While we believe that compensation charged by our affiliates are competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use our affiliates' services and may obtain comparable services and/or lower fees through other firms.

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

Description of Our Code of Ethics

We have adopted a Code of Ethics that sets the standard of conduct expected to comply with applicable securities laws. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. We adhere strictly to these guidelines. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm. Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell for their personal accounts the same securities that we recommend to you or securities in which you are already invested ("Recommended Securities"). A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor any of our Associated Persons shall have priority over your account in the purchase or sale of securities. We have also adopted a written Code of Ethics designed to prevent and detect personal trading activities that may interfere or be in conflict with client interests, as discussed above in this section.

Notwithstanding the above, our Associated Persons may purchase or sell publicly traded mutual funds for their own accounts which are included within the Recommended Securities. Since purchases or sales of such investments do not affect their market values, clients are not advised of these transactions. Our Associated Persons may also purchase or sell ETFs for their own accounts which are included within the Recommended Securities. We have determined that our Associated Persons' ETF transactions are of insignificant size in relationship to the total value of the ETF, and therefore these transactions do not affect the value of your ETF holdings. The personal securities trading disclosure requirements of our Code of Ethics are not applicable to: (i) direct obligations of the government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Item 12 Brokerage Practices

Recommendation of Broker-Dealers

We recommend that securities be purchased through the facilities of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent

investment advisers, services that include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the program. In addition to the benefits disclosed below, we may receive benefits such as assistance with conferences and educational meetings from product sponsors.

In selecting a broker dealer we endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services. In recognition of the value of research services and additional brokerage products and services TD Ameritrade provides, you may pay higher commissions and trading costs than those that may be available elsewhere.

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

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Directed Brokerage

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent us from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your selected broker are adequately favorable in comparison to those that we would otherwise obtain for you.

Certain Associated Persons of our firm are also registered representatives of LifeMark Securities Corp. ("LifeMark") and may recommend LifeMark to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from LifeMark unless LifeMark provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through LifeMark. It may be the case that LifeMark charges higher transaction costs and/or custodial fees than another broker charges for the same types of services. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend. Refer to the *Fees and Compensation* section above for additional disclosures on this topic.

You should be aware that best execution and lower commissions may not necessarily be achieved if recommended transactions are placed through Associated Persons of our firm in their separate capacity as a registered representative of LifeMark or as a licensed insurance agent/broker.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Block Trades

With limited exception, we will generally combine multiple orders for shares of the same securities purchased for discretionary client accounts (commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the accounts participating in the block trade, but is not based on account performance or the amount or structure of our management fees. However, the following factors may justify an allocation that deviates from this general rule:

- specific allocations may be chosen based upon an account's existing positions in securities;
- specific allocations may be chosen because of the cash availability of one or more particular accounts;
- specific allocations may be chosen based on a partial fill of a block trade;
- specific allocations may be chosen for tax reasons.

When we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given inferior or preferential treatment. Our firm receives no additional compensation or remuneration of any kind as a result of the aggregation of client trades.

As described above, we generally combine multiple orders for shares of the same securities purchased for discretionary client accounts; however, we generally do not combine orders for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into a non-discretionary account management arrangement with us, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

Item 13 Review of Accounts

Your advisory representative will monitor your accounts as part of an on-going process while regular account reviews are conducted at least annually to ensure the advisory services provided to you and your portfolio mix are consistent with your stated investment needs and objectives. You are encouraged to discuss your needs, goals, and objectives with our firm, and to keep us informed of any changes in this information. Additional reviews may be conducted at your request, or based on various circumstances, including, but not limited to, significant contributions and withdrawals to the account, changes in economic conditions, security specific events, and/or, changes in your risk/return objectives.

You will receive transaction confirmation notices and regular summary account statements, at least quarterly, directly from your account custodian. On an annual basis, we will separately provide you with a standard written report including the value of your portfolio and an overview of the status of your account.

Item 14 Client Referrals and Other Compensation

Economic Benefits

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with TD Ameritrade.

Item 15 Custody

We do not take custody of your funds or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. We may have the authority to deduct our advisory fees from your account at the qualified custodian, but only where you have previously consented to such direct deduction of advisory fees in writing.

As paying agent for our firm, your independent custodian may directly debit your account(s) for the payment of our advisory fees. We do not have physical or actual custody of any of your funds and/or securities. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

We recommend that you carefully review all account statements, notices, and other information received from the custodian of your account promptly upon receipt, and further that you reconcile the information reflected in such statements and notices with the information reflected in any reports provided by our firm. If you have a question regarding your account statements or our reports, or if you did not receive a statement from your custodian, please contact us immediately at the telephone number on the cover page of this brochure.

Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms. You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s), the broker or dealer to be used for each transaction, and over the commission rates to be paid without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Refer to the *Advisory Business* section above for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Item 17 Voting Client Securities

Without exception, we will not vote proxies on behalf of your advisory accounts.

Item 18 Financial Information

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

Item 20 Additional Information

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our

integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of our privacy policy notice to you should our policies or practices change with regard to disclosing nonpublic personal information from those that the institution disclosed in the most recent privacy notice it sent. Contact us at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

Trade Errors

In limited circumstances, we may make an error in submitting a trade on your behalf. In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a loss, we will reimburse you or otherwise ensure that your account is made whole.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.