

# TALON PRIVATE WEALTH, LLC

11974 COUNTY ROAD 101, SUITE 103  
THE VILLAGES, FL 32162  
(800) 515-8545

EMAIL: [MIKELESTER@TALONWM.COM](mailto:MIKELESTER@TALONWM.COM)

WEBSITE: [WWW.TALONWM.COM](http://WWW.TALONWM.COM)

FORM ADV PART 2A  
FIRM BROCHURE  
SEPTEMBER 14, 2020

This brochure provides information about the qualifications and business practices of Talon Private Wealth, LLC. If you have any question about the contents of this brochure, please contact us at (800) 515-8545. 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.

Talon Private Wealth, LLC is a registered investment Manager. Registration of an investment Manager does not imply any level of skill or training.

Additional information about Talon Private Wealth, LLC is available on the SEC's website [www.Managerinfo.sec.gov](http://www.Managerinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Talon Private Wealth, LLC CRD number is 298714.

## ITEM 2 - MATERIAL CHANGES

We have the following material change to report since our inception date on February 16, 2019.  
Item 4 – Client Assets Managed has been updated to reflect the amount of assets we currently manage on a discretionary and non-discretionary basis.

### ITEM 3 – TABLE OF CONTENTS

ITEM 1 – COVER PAGE.....	1
ITEM 2 - MATERIAL CHANGES.....	2
ITEM 3 – TABLE OF CONTENTS.....	3
ITEM 4 – ADVISORY BUSINESS .....	4
ITEM 5 – FEES AND COMPENSATION .....	6
ITEM 6 – PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT .....	8
ITEM 7 – TYPES OF CLIENTS.....	8
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	8
ITEM 9 – DISCIPLINARY INFORMATION .....	10
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	11
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTION AND PERSONAL TRADING .....	12
ITEM 12 – BROKERAGE PRACTICES .....	12
ITEM 13 – REVIEW OF ACCOUNTS.....	13
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION .....	14
ITEM 15 – CUSTODY .....	14
ITEM 16 – INVESTMENT DISCRETION .....	14
ITEM 17 – VOTING CLIENT SECURITIES.....	15
ITEM 18 – FINANCIAL INFORMATION .....	15

## ITEM 4 – ADVISORY BUSINESS

### OWNERSHIP/ADVISORY HISTORY

Talon Private Wealth, LLC (“We”) is a Florida limited liability company formed in August 2018 by Robert M. Lester. We became registered with Securities and Exchange Commission in February 2019. Mr. Lester is the Managing Member and Chief Compliance Officer of the firm.

### ADVISORY SERVICES OFFERED

#### FINANCIAL PLANNING

We offer financial planning and consulting services. Our financial planning service involves a review of the client’s financial situation, goals and risk tolerance. Through a series of personal interviews and/or the use of questionnaires we will collect pertinent data, identify goals, objectives, financial problems, and potential solutions. With this information, we tailor the client’s financial plan and advice we give to the client. Our advice may cover any of the following topics: net worth statement; cash flow analysis, tax analysis, insurance and long-term care analysis; tax planning; retirement projection; 401k review; and/or other needs as identified during our meetings with the client. The client will receive a written financial plan following the completion of our meetings.

With our financial consulting services, we focus on a few individual topics as identified between us and the client. We do not provide a written financial plan for this service.

#### PORTFOLIO MANAGEMENT SERVICES

We offer portfolio management services that involve assisting with the ongoing management of a client’s investment accounts. We work with the client to understand his or her investment objectives, time frame, risk tolerance and other considerations. Once we have this information, we create an individualized portfolio based on our model portfolios. We regularly monitor the client’s portfolio and adjust it as determined by the financial markets, world events and client’s needs.

We may, from time to time and based upon information received from the client, utilize the services a Sub-Advisor to manage some or all of a client’s assets on a discretionary basis and in accordance with the client’s stated investment objectives. In these situations, we offer consulting and advisory services in overseeing such Sub-Advisors. We make recommendations regarding the use of a Sub-Advisor and its investment style based on, but not limited to, the client’s financial needs, long-term goals, and investment objectives.

Sub-Advisors selected by us offer multiple strategies. Once a Sub-Advisor is selected, we continue to monitor the chosen firm to ensure that it adheres to the philosophy and investment style for which it was selected and to ensure that its performance, portfolio strategies, and management remain aligned with the client’s overall investment goals and objectives. We will retain discretionary authority to hire and fire Sub-Advisors and reallocate the client’s assets to other Sub-Advisors, where such action is deemed to be in the best interest of the client. Our ongoing review includes, but is not limited to, assessment of the Sub-Advisor’s disclosure brochure, performance information, materials, personnel turnover, and regulatory events.

### RETIREMENT PLAN CONSULTING

We provide the following Plan Consulting services designed to assist plan Sponsors and/or Trustees with plan design, selection of suitable investments, periodic monitoring of those investments, and general education to plan participants:

- Provide investment management services to plans.
- Advise, if necessary, plan Sponsors and/or Trustees about the need for a written investment policy statement.
- Advise plan Sponsors and/or Trustees of appropriate investment categories for client's retirement plan.
- Advise plan Sponsors and/or Trustees of mutual funds which are consistent with investment categories selected by plan Sponsors.
- Periodically monitor performance of the mutual fund choices of the plan Sponsors and/or Trustees and provide periodic advice regarding possible changes to the investment categories or mutual fund selections.
- Meet regularly with plan Sponsors and/or Trustees to discuss investment performance.
- Arrange for mutual fund prospectuses to be available to retirement plan participants.
- Provide plan Sponsors and/or Trustees with a quarterly report regarding:
  - performance (quarter, year, three-year, five-year) for each mutual fund selected by plan Sponsors;
  - performance of comparative benchmarks; and
  - value of assets in plan.
- Meet annually, at a time mutually agreed between Milestone and the Sponsor, in a plan participant group meeting.
- Conduct informational/educational group meetings, at the times mutually agreed between Milestone and the Sponsor, with Sponsor's retirement plan participants at initial installation of the plan regarding:
  - general investment concepts;
  - investment performance of selected funds; and
  - investment strategies appropriate to various investment profiles and objectives.

### TAILORED SERVICES

The goals and objectives for each client are documented before any investing takes place. Clients may impose restrictions on investing in certain securities or types of securities.

### WRAP PROGRAM

We do not sponsor a wrap program. This section is not applicable.

#### CLIENT ASSETS MANAGED

As of September 14, 2020, we manage \$168,645,249 in client assets on a discretionary basis.

#### ITEM 5 – FEES AND COMPENSATION

##### FINANCIAL PLANNING SERVICES

We offer financial planning and consulting services on a fixed fee or hourly fee basis.

For our hourly fee, we charge a fee of \$250. The number of hours will vary depending on the time we spend collecting the client's information, analysis and research of the assorted topics, and presenting to our clients. The fee is negotiable. We collect half of the agreed upon fee upfront at the time of engagement and the remaining balance upon delivery of the service.

For our fixed fee, we charge a fee of \$1,500. The fixed fee range varies depending on the nature and complexity of each client's individual circumstances and the scope of services provided. The fee is negotiable. We collect half of the agreed upon fee upfront at the time of engagement and the remaining fee upon delivery of the financial plan.

A client may terminate any service for any reason within the first five (5) business days after signing an advisory contract, without any cost or penalty. Thereafter, the advisory contract may be terminated at any time by giving ten (10) days' written notice. To cancel the agreement, the client must notify us in writing at Talon Private Wealth, LLC, 11974 County Road 101, Suite 103, The Villages, FL 32162. Upon receipt of written notice of termination, the client will receive a prorated refund of any unearned fees based on the percentage of work completed on the plan. For example, if one half of the plan was completed at termination, the client will receive a 50% refund. The refund will be paid by check and mailed to the last address of record.

##### PORTFOLIO MANAGEMENT

For these services we charge a management fee based on a percentage of assets under management in the client's account. The maximum annual management fee is 1.25%. The management fee is negotiable based on the size of the account. The client may aggregate accounts to negotiate a lower management fee.

Our management fee is calculated and collected monthly in arrears, meaning the management fee is collected at the end of each calendar month. The initial month's management fee will be prorated for the number of days the account was managed during the quarter. Cash balances and investments in money market funds, demand deposit accounts, or certificates of deposit held in the account are included in the fee calculations.

The management fee will be deducted from the client's account. For accounts that we manage, the client will be asked to authorize us with the ability to instruct the account's custodian to withdraw the fee directly from the client's account. In some instances, the Sub-Advisor will have the ability to instruct the custodian to withdraw our management fee. The client may terminate these authorizations at any time.

Our management fee does not include the Sub-Advisors' management fees. These management fees vary with each Sub-Advisor. We disclose all Sub-Advisors' management fees in the

investment management agreement. Also, we provide each client with all Sub-Advisors' Form ADV Part 2A, disclosure brochure, that details their management fees.

Our management fee does not include brokerage commissions, transaction fees, or other related costs and expenses that are normally incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive, of and in addition to, our fee and we will not receive any portion of these commissions, fees, and costs. For more information about our brokerage practice please see Item 12.A.

A client may terminate any service for any reason within the first five (5) business days after signing an advisory contract, without any cost or penalty. Thereafter, the advisory contract may be terminated at any time by giving ten (10) days' written notice. To cancel the agreement, the client must notify us in writing at Talon Private Wealth, LLC, 11974 County Road 101, Suite 103, The Villages, FL 32162.

#### RETIREMENT PLAN CONSULTING

We charge an annual fee based on a percentage of assets in the qualified retirement plan. Our annual fee ranges from 0.10% to 1.00% depending on the size of the plan and the services provided. Our fee is negotiable. The fee is generally collected monthly, in arrears. However, the collection schedule is subject to the plan provider or third-party administrator's collection schedule. The plan provider or third-party administrator calculates and collects our fee.

Our consulting fee does not include other third-party fees, such as transaction fees, recordkeeper fees or other related costs and expenses. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive, of and in addition to, our fee and we will not receive any portion of these commissions, fees, and costs.

A client may terminate any service for any reason within the first five (5) business days after signing an advisory contract, without any cost or penalty. Thereafter, the advisory contract may be terminated at any time by giving thirty (30) days' written notice. To cancel the agreement, the client must notify us in writing at Talon Private Wealth, LLC, 11974 County Road 101, Suite 103, The Villages, FL 32162.

#### OTHER SECURITIES COMPENSATION

Our owner and other associates may be registered representative of Taylor Capital Management, member FINRA/SIPC. Through Taylor Capital Management, they may sell securities to our clients for a commission. This causes a conflict of interest because the commissions are separate from the fees outlined above. We attempt to mitigate this conflict of interest to the best of our ability

by placing the client's interest ahead of our own through our fiduciary duty. Additionally, it is our policy that recommended securities purchases do not have to be purchased through any affiliate.

#### ITEM 6 – PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) or provide side by side management.

#### ITEM 7 – TYPES OF CLIENTS

We offer our services to individuals and high net worth individuals. We require a minimum balance of \$100,000. This may be waived at our discretion.

#### ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

##### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

We use tactical asset allocation and technical analysis as our primary methods of analysis. Our investment strategies consist of a combination of long-term purchases, short-term purchases, trading, short sales, and options purchases and writing (including covered options, uncovered options, spreading strategies). We also use various securities such as stock, bonds, exchange traded funds and mutual funds. The following is a brief description of our methods of analysis and investment strategies along with associated risk.

Tactical Asset Allocation is an active management portfolio strategy that rebalances the percentage of assets held in various categories in order to take advantage of market pricing anomalies or strong market sectors. This strategy is designed to allow portfolio managers to create extra value by taking advantage of certain situations in the marketplace. It is as a moderately active strategy because portfolio managers return to the portfolio's original strategic asset mix when desired short-term profits are achieved. The risk associated with tactical asset allocation is that each class has different levels of risk and return, so each will behave differently over time. There is no guarantee that moving additional assets into an asset class will grow a portfolio.

Technical Analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. The risk associated with technical analysis is that there is no broad consensus among technical traders on the best method of identifying future price movements.

Long-Term Purchases – We purchase securities with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. The risk associated with using a long-term purchase strategy is that it generally assumes the financial markets will go up in the long-term, which may not be the case. There is also the risk that the segment of the market that the client is invested in or perhaps just that client's particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.



Short-Term Purchases – We purchase securities with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. The risk associated with using a short-term purchase strategy is that it generally assumes that we can predict how financial markets will perform in the short-term, which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Options Risk – Like other securities - including stocks, bonds, and mutual funds - options carry no guarantees, and a person must be aware that it is possible to lose all of the principal he/she invests, and sometimes more. As an option holder, a person risks the entire amount of the premium he/she paid pay. But as an options writer, a person takes on a much higher level of risk. For example, if a person writes an uncovered call, he/she faces unlimited potential loss, since there is no cap on how high a stock price can rise. However, since initial options investments usually requires less capital than equivalent stock positions, a potential cash losses as an options investor are usually smaller than if someone bought the underlying stock or sold the stock short. The exception to this general rule occurs when an option is used to provide leverage: Percentage returns are often high, but it is important to remember that percentage losses can be high as well.

Margin Risk – Securities purchased on margin are the broker-dealer's collateral for the loan to the client. If the securities in the account decline in value, so does the value of the collateral supporting the loan, and, as a result, the broker-dealer can take action, such as issue a margin call and/or sell securities or other assets in any of the client's accounts held with the member, in order to maintain the required equity in the account. It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- ) The client can lose more funds than deposited in the margin account.
- ) The broker-dealer can force the sale of securities or other assets in client's account(s).
- ) The broker-dealer can sell the client's securities or other assets without contacting the client.
- ) The Client is not entitled to choose which securities or other assets in the account(s) are liquidated or sold to meet a margin call.
- ) The broker-dealer can increase its "house" maintenance margin requirements at any time and is not required to provide the client advance written notice.
- ) The client is not entitled to an extension of time on a margin call.

Short Position Risk – A short position is a trading position of an investor who has sold a security that he or she does not yet own. An investor in a short position hopes to make a profit because he or she is expecting the price of the security to fall. A portfolio will incur a loss as a result of a short position if the price of the short position instrument increases in value between the date of the short position sale and the date on which an offsetting position is purchased. Short positions may be considered speculative transactions and involve special risks, including greater

reliance on our ability to accurately anticipate the future value of a security or instrument. The portfolios' losses are potentially unlimited in a short position transaction.

#### INVESTMENT RISKS

All investment programs have certain risks that are borne by the client and **investing in securities involves risk of loss that clients should be prepared to bear**. Our goal is to reduce the risk of loss, but not at the expense of portfolio growth. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. To manage risk, we rebalance model portfolios on an as needed basis to bring the asset allocations back to their intended balances. The client should feel free to ask questions about risks that he or she does not understand; we would be pleased to discuss them.

#### RECOMMENDED SECURITIES

We use several types of securities in client portfolios including, but not limited to, mutual funds, ETFs, stocks and bonds. Some of the risk associated with these securities include:

- ) **Credit Risk:** This is the risk that an issuer of a bond could suffer an adverse change in financial condition that results in a payment default, security downgrade, or inability to meet a financial obligation.
- ) **Inflation Risk:** This is the risk that inflation will undermine the performance of an investment and/or the future purchasing power of a client's assets.
- ) **Interest Rate Risk:** The chance that bond prices overall will decline because of rising interest rates.
- ) **International Investing Risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, foreign investments are subject to settlement practices, as well as regulatory and financial reporting standards, that differ from those of the U.S.
- ) **Manager Risk:** The chance that the proportions allocated to the various securities will cause the client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.
- ) **Stock Market Risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.

#### ITEM 9 – DISCIPLINARY INFORMATION

Registered investment Managers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. We do not have information to disclose in this item.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### BROKER DEALER AFFILIATION

Our owner and other associates are registered representatives of Taylor Capital Management. Please see Item 5.E for additional details.

### FUTURES/COMMODITIES FIRM AFFILIATION

We are not affiliated with a futures or commodities broker.

### OTHER INDUSTRY AFFILIATIONS

Our owner and associates are licensed independent insurance agents. They are also investment adviser representative with Retirement Wealth Advisors, Inc., an SEC registered investment adviser. They may recommend these services to our clients. These services pay fees or commissions that are separate from the fees outlined in Item 5 above. This is a conflict of interest because these additional fees or commissions create a financial incentive to recommend the services. We, however, attempt to mitigate any conflicts of interest to the best of our ability by placing the client's interests ahead of our own and through the implementation of policies and procedures that address the conflicts. Additionally, the client is informed that he or she always has the right to choose whether to act on the recommendation and he or she has the right to purchase recommended services through any licensed agent or investment adviser representative.

Our owner, Robert Michael Lester, is a minority owner of Retirement Wealth Advisors, LLC and FormulaFolios, LLC. We currently recommend FormulaFolios, LLC as a Sub-Advisor. This is a conflict of interest because he has a financial incentive to recommend FormulaFolios, LLC's services. We, however, attempt to mitigate any conflicts of interest to the best of our ability by placing the client's interests ahead of our own and through the implementation of policies and procedures that address the conflicts. Additionally, the client is informed that he or she always has the right to choose whether to act on the recommendation to use FormulaFolios, LLC as a Sub-Advisor and he or she has the right to purchase recommended services through any investment adviser representative.

### RECOMMENDATION OF THIRD-PARTY INVESTMENT ADVISER

We recommend the services of a Third-Party Investment Advisers through our use of Sub-Advisors outlined in Item 5. We will insure that the Sub-Advisors are properly registered or exempt from registration in the client's state of residence prior to making any recommendation. Depending on the Sub-Advisor, we may receive a portion of its management fee, which creates a financial incentive to recommend a Sub-Advisors that pay a higher percentage of the management fee. We will provide the client with a disclose statement that details our portion of the Sub-Advisors' fee when receive it. We attempt to mitigate the conflict of interest to the best of our ability by placing the client's interest ahead of our own, through our fiduciary duty and by following our Code of Ethics that establishes ideals for ethical conduct.

## ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTION AND PERSONAL TRADING

### DESCRIPTION

Our Code of Ethics establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Our Code of Ethics covers all supervised persons and it describes our high standard of business conduct and fiduciary duty to our clients. The Code of Ethics includes, among other things, provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All supervised persons must acknowledge the terms of the Code of Ethics annually or as amended.

### MATERIAL INTEREST IN SECURITIES

We do not have a material interest in any securities.

### INVESTING IN OR RECOMMENDING THE SAME SECURITIES

Our owner and associates may buy or sell for their own accounts the same securities that they recommend to or purchase for client accounts. A conflict of interest may exist because they can trade ahead of client trades. We mitigate any conflict of interest in two ways. First, our Code of Ethics requires any person with access to trades to report personal securities transactions on at least a quarterly basis, and provide us with a detailed summary of certain holdings (both initially upon commencement of employment and quarterly thereafter) in which employees have a direct or indirect beneficial interest. The reports are reviewed to ensure we do not trade ahead of client accounts. Second, we require client transactions be placed ahead of our access person's personal trades or our associates can place personal trades as part of a block trade (Please see Item 12.B for details on our block trading practices). The records of all access person's personal and client trading activities are reviewed and made available to regulators to review on the premises.

## ITEM 12 – BROKERAGE PRACTICES

### RECOMMENDATION CRITERIA

We currently recommend the clearing and custody services of TD Ameritrade, Inc., Charles Schwab and Fidelity. Some of the primary considerations underlying this decision are: rates charged by other brokers that provide clearing or custody services for registered investment advisers; reputation and financial strength; breadth and depth of available products, with an important factor being the broker's no-transaction-fee mutual fund universe; accuracy with which transactions are processed; customer service responsiveness; availability of technology solutions interoperable with our systems and suitable for managing multiple accounts; as well as client satisfaction. We periodically evaluate the foregoing factors, and while we may conclude based on our review that commission rates paid by clients are reasonable, lower commissions may be available from other brokers or in conjunction with retail (non-advisory) accounts, and

certain mutual funds that carry a transaction fee may be available on a no-transaction-fee basis from other brokers or directly from the fund company.

#### RESEARCH AND SOFT DOLLARS

“Soft dollars” are defined as a form of payment investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. We do not receive any soft dollars. However, we receive some benefits from our recommended custodians. Please see Item 14 for additional details about the benefits.

#### BROKERAGE FOR CLIENT REFERRALS

We do not receive client referrals or any other incentive from any broker-dealer or custodian.

#### DIRECTED BROKERAGE

Some clients may direct us to a specific broker-dealer to execute securities transactions for their accounts. When so directed, we may not be able to effectively negotiate lower brokerage commissions or achieve best execution on those clients’ transactions. This can result in substantially higher fees, charges or dealer concessions in one or more transactions for the clients’ accounts because we cannot negotiate favorable prices.

#### TRADE AGGREGATION

We may aggregate transactions in equity and fixed income securities for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and each client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. We may determine not to aggregate transactions, for example, based on the size of the trades, the number of client’s accounts, the timing of the trades, the liquidity of the securities or the discretionary or non-discretionary nature of the trades. If we do not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.

### **ITEM 13 – REVIEW OF ACCOUNTS**

#### PERIODIC REVIEWS

Our owner, Mr. Lester, will meet with clients either in person or by telephone to review their accounts annually.

#### OTHER REVIEWS

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a client’s financial situation (such as retirement, termination of employment, physical move or inheritance).

## REPORTS

Portfolio management accounts receive at least a quarterly performance report from us and an account statement from the account's custodian. We provide a written plan to financial planning clients.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

### OTHER COMPENSATION

We do not pay nor receive compensation for referrals. However, we receive some benefits from our recommended custodians. 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 our participants; access to block trading (which provides the ability to aggregate securities transactions for executions 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 us by third party vendors. The recommended custodians may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by the recommended custodians through the program may benefit us but may not benefit its client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at a recommended custodian. Other services made available by the recommended custodians are intended to help us manage and further develop our business. The benefits received by us or our personnel do not depend on the amount of brokerage transactions direct to the recommended custodians. As part of our fiduciary duties to clients, we always endeavor to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our recommendations for custody and brokerage services.

### CLIENT REFERRALS

We do not pay for client referrals or use solicitors.

## ITEM 15 – CUSTODY

All client funds, securities and accounts are held at a qualified custodian. We do not take possession of any client assets. However, the client will be asked to authorize us with the ability to instruct the custodian to deduct our management fee directly from the client's account. This authorization will apply to our management fee only. The client may terminate this authorization at any time. The client will receive at least quarterly statements from the qualified custodian that holds and maintains the client's assets. We urge each client to carefully review such statements.

## ITEM 16 – INVESTMENT DISCRETION

We offer discretionary investment management services. The client will sign an investment management agreement to grant us discretionary power over his or her account. Our investment

management agreement contains a limited power of attorney that allows us to select the security, the amount, and the time of the purchase or sale in the client's account. It also allows us to place each such trade without the client's prior approval. Finally, it allows us to hire and fire the independent investment advisers to sub-advise on the account. In addition to our investment management agreement, the client's custodian may request the client to sign the custodian's limited power of attorney. This varies with each custodian. We discuss all limited powers of attorney with the client prior to their execution. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the client account, and any other investment policies, limitations or restrictions.

## ITEM 17 – VOTING CLIENT SECURITIES

We do not vote proxy votes for any client. All proxy materials are mailed or emailed directly to the client from the custodian. Any proxy materials received by us will be forwarded to clients for response and voting. In the event the client has a question about a proxy solicitation, the client should feel free to contact us.

## ITEM 18 – FINANCIAL INFORMATION

### BALANCE SHEET

We do not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to provide a balance sheet.

### FINANCIAL CONDITION

We are required in this Item to provide you with certain financial information or disclosures about our financial condition if we have a financial commitment that impairs our ability to service you. We do not have a financial commitment that impairs our ability to service our clients.

### BANKRUPTCY

We have not been the subject of a bankruptcy proceeding.