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August 3, 2021

**FORM ADV PART 2A
BROCHURE**

This brochure provides information about the qualifications and business practices of Paulson Wealth Management Inc. If you have any questions about the contents of this brochure, contact us at 630-517-2950. 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 Paulson Wealth Management Inc. is available on the SEC's website at www.adviserinfo.sec.gov. Our searchable IARD/CRD # is 150374.

Paulson Wealth Management Inc. 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 the filing of our last annual updating amendment, dated March 30, 2021, we have the following material change to report:

- We have revised the *Fees and Compensation* section to removed the Fixed Income Portfolios fee schedule.
- Additionally, we have added solicitor language under the *Client Referrals and Other Compensation* section regarding our participation in Dave Ramsey's SmartVestor program.

If you have questions or if you would like to receive a copy of our most recent disclosure brochure at any time without charge, please contact us at (630) 517-2950 or email at npaulson@paulsonwealth.com.

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Item 4 Advisory Business

Description of Firm

Paulson Wealth Management Inc. is a registered investment adviser primarily based in Wheaton, Illinois. We are organized as a corporation under the laws of the State of Delaware. We have been providing investment advisory services since 2009. We are owned by Nathan Robert Paulson.

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. We offer individualized investment advice to clients utilizing our Comprehensive Portfolio Management service offered by our firm. Additionally, we offer general investment advice to clients utilizing our Financial Planning and Consulting services.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to Paulson Wealth Management Inc. and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

Comprehensive Portfolio Management Services

Our comprehensive portfolio management service encompasses asset management as well as providing financial planning/financial consulting to clients. While financial planning and consulting services are offered as a stand-alone service as described below for non-management clients, financial planning and consulting services are incidental to and included in the fees for our comprehensive portfolio management services. Our comprehensive portfolio management services are designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we regularly review these accounts at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow a reasonable restrictions, the restriction request should be provided in writing.

Equity Portfolio

Our principal objective in the equity portfolio is to achieve higher risk-adjusted returns than the MSCI All Country World Index Series ("MSCI All Country World"), a composite of over 2,700 large and mid cap global stocks, over a broad market cycle. MSCI All Country World is divided into developing and emerging market segments and represents 90-95% of investable market capitalization worldwide. The equity portfolio will typically be comprised of 5-20 equity index ETFs and/or individual equity positions. Any one position will not be greater than 20% of the portfolio. The use of equity index ETFs provides for significant securities diversification, while not excluding sector or industry concentration. Typically, the equity portfolio may possess 20-40 percent ex-US equity exposure. The allocation of the equity portfolio is determined by a top-down, risk-weighted approach, coupled with a market cap rotation overlay.

The base allocation of the equity portfolio is an equal weighted basket of 5 major equity indices. Based on internal and external research and analysis of the macro world economy and capital markets, this base allocation is adjusted to optimize the targeted risk-adjusted return properties of the portfolio. We accomplish this tailoring via overweighting or under weighting market capitalization and regional exposure. Additional indices may be added to tactically adjust the style box exposure of the portfolio.

Our firm believes strongly that superior compounding of returns over time can be achieved through a disciplined covered call writing strategy against some or all of the positions in the portfolio. To implement this call writing strategy, our firm employs a dynamic proprietary algorithm to determine the options to be traded. Our firm anticipates that the benefits of the premium income received via its options writing strategy outweigh the possible capital appreciation foregone. On occasion, our firm may attempt to enhance the total return of the portfolio through covering the options written prior to expiration or by buying put options depending on market liquidity and volatility conditions.

Balanced Portfolio

The primary objective of the balanced portfolio is to further refine the risk/return profile of the equity portfolio to fit each client's investment goals and risk tolerance. The balanced portfolio is compared to market benchmarks with a similar composition. The equity portion of the balanced portfolio is constructed and managed using the same methodology as the equity portfolio previously discussed. Fixed income and cash are used in the balanced portfolio primarily as a volatility reducing mechanism, not an asset class return maximization tool. Therefore, the fixed income portfolio generally is comprised of highly rated investment grade municipal, government agency, and corporate bonds or their equivalent fixed income ETFs. Securities within the fixed income portfolio are selected based upon our firms' interest rate assumptions, credit risk, yield curve and several macroeconomic variables that impact the performance of the bonds.

Fixed Income Portfolio

For a client with conservative objectives that focus on preservation of principal, the fixed income portfolio seeks to provide returns from investment in municipal bonds, corporate bonds and U.S. government agency securities. Securities in the fixed income portfolio are selected via the same means described in the balanced portfolio description. The fixed income portfolio seeks to produce low risk total returns over a market cycle.

The investment methods at our firm have been developed by Nathan R. Paulson, our President and Chief Compliance Officer. Mr. Paulson makes the ultimate investment selections and recommendations and monitors the investment portfolio. Our firm maintains a website related to its advisory services, www.paulsonwealth.com, which is available to clients. Clients may access their brokerage accounts, performance reports, as well as obtain market information and research via our firms' site.

Financial Planning and Consulting Services

We also offer a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas:

- *Investment Planning* - involves advice with respect to asset allocation and investment income accumulation techniques. Evaluations are made of existing investments in terms of their economic and tax characteristics as well as their suitability for meeting your objectives. Tax consequences and their implications are identified and evaluated. This typically takes approximately 10 - 20 hours.

- *Retirement Planning* - involves advice with respect to alternatives and techniques for accumulating wealth for retirement income or advice relative to appropriate distribution of assets following retirement. Tax consequences and their implications are identified and evaluated. This typically takes approximately 10 - 20 hours.
- *Estate Planning* - involves advice with respect to property ownership, distribution strategies, estate tax reduction, and tax payment techniques. It involves a discussion of gifts, trusts, etc., and the disposition of business interests. Tax consequences and their implications are identified and evaluated. Your chosen licensed attorney must be used for evaluation and document creation. This typically takes approximately 10 - 20 hours.
- *Charitable Planning* - involves advice with respect to alternatives and techniques for achieving the desired philanthropic impact and/or legacy. Tax benefits and their implications are identified and evaluated. This typically takes approximately 10 - 20 hours.
- *Education Planning* - involves advice with respect to alternatives and strategies with respect to the complete or partial funding of college or other post-secondary education experience. Tax consequences and their implications are identified and evaluated. This typically takes approximately 10 - 20 hours.
- *Corporate and Personal Tax Planning* - encompasses a large array of services that are customized to your specific financial circumstances. We may offer advice as to how tax laws will effect various financial decisions, e.g. acquisitions, pension strategy, investing in new opportunities or consolidation of existing investments, and individual taxation issues, among others. This typically takes approximately 10 - 20 hours.
- *Real Estate Analysis* - involves advice with respect to asset acquisition and income generation techniques. Evaluations are made of existing and potential new real estate investments in terms of their economic and tax characteristics, capitalization rates as well as their suitability for meeting client objectives. This typically takes approximately 5 - 20 hours.
- *Mortgage/Debt Analysis* - involves advice with respect to risk management associated with advisory recommendations regarding the combination of monthly income vs. debt service costs, and tax implications. Also, involves advice with respect to debt term, structure, interest rates and how such relates to overall financial goals and objectives. This typically takes approximately 5 - 20 hours.
- *Insurance Analysis* - involves advice with respect to risk management associated with advisory recommendations based on the combination of insurance types that best meet your specific needs, e.g., life, health, disability, and long-term care insurance. This typically takes approximately 5 - 20 hours.
- *Lines of Credit Evaluation* - involves advice with respect to alternatives and techniques for using leverage of investment or real estate assets for the purposes of tax payments, investment, debt retirement or consolidation. Tax consequences and their implications are identified and evaluated. This typically takes approximately 5 - 20 hours.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations.

If you only require advice on a single aspect of the management of your financial resources, we offer modular financial planning and/or general consulting services that address only those specific areas of concern. Our hourly fee for general consulting services is \$250.00 per hour. Generally, these consulting services consist of verbal advice. For financial consulting engagements, we usually do not

provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. This fee is due and payable in full upon completion of the consultation. The services to be provided, associated fees, and payment arrangements are negotiable and will be detailed in the agreement executed between us.

Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client. You are under no obligation to implement any financial planning or consulting advice through our firm. However, if you engage us for comprehensive portfolio management services as described above, the financial planning and consulting services are incidental to and included in the fees for our comprehensive portfolio management services.

Sub-Advisory Services to Registered Investment Advisers

Paulson Wealth Management provides sub-advisory portfolio management services to other registered investment advisors under the name of 3rd Stream. Depending on the sub-advisory agreement, one or all of PWM's proprietary portfolio strategies or models may be used in this context. Generally, 3rd Stream will not have the responsibility or knowledge of a client's risk aptitude and as such, will be providing the discretionary sub-advisory services based on the Advisor's recommendations. Our firm maintains a website related to its sub-advisory services, www.the3rdstream.com.

Selection of Other Advisers

As part of our investment advisory services, we may recommend that you use the services of a third party money manager or private fund manager (Manager) to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we will recommend that you engage specific Managers or investment programs. Factors that we take into consideration when making our recommendations include, but are not limited to, the Manager's performance, methods of analysis, and fees, as well as, your financial needs, investment goals, risk tolerance, and investment objectives.

You will generally be required to enter into an advisory agreement directly with us and the Managers. As such, the Managers will actively manage your portfolio and will assume discretionary investment authority over your account. We will monitor the Manager's performance to ensure its management and investment style remains aligned with your investment goals and objectives. We will assume discretionary authority to hire and fire Manager(s) and/or reallocate your assets to other Manager(s) where we deem such action appropriate based on your individual needs and circumstances.

Any sub-advisers engaged by us or any Managers recommended to you must be appropriately registered, noticed filed, or exempt from registration in the state where you reside.

Wrap Fee Program

We are a portfolio manager to and sponsor of a wrap fee program. Our wrap fee program provides clients with access to our comprehensive portfolio management services, as described above, and our active option strategies, equity portfolios and fixed income portfolios for an annual advisory fee while we absorb the asset based program fee charged by the custodian. If you participate in our wrap fee program, you will pay our firm a single fee, which includes our money management fees, certain transaction costs, and custodial and administrative costs. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

Transactions for your account must be executed by TD Ameritrade, a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by or other broker-dealers, and the advisory fees charged by investment advisers. For more information concerning the Wrap Fee Program, see *Appendix 1* to this Brochure.

Types of Investments

We primarily offer advice on exchange traded funds ("ETFs"), individual equity positions, equity options, investment grade municipal bonds, government agency, and corporate bonds or their equivalent fixed income ETFs. Refer to the *Methods of Analysis, Investment Strategies and Risk of Loss* below for additional disclosures on this topic.

Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

In general, we manage wrap fee accounts on a discretionary basis. Wrap fee accounts are typically more appropriate for active accounts and are managed accordingly. We also manage non-wrap fee accounts on either a discretionary or a non-discretionary basis, and may include a different investment strategy in managing non-wrap accounts.

If you participate in a wrap fee program, we will provide you with a separate Wrap Fee Program Brochure explaining the program and costs associated with the program. You should also review this Part 2A thoroughly to evaluate any differences between the services we offer as wrap versus non-wrap.

Assets Under Management

As of January 21, 2021, we provide continuous management services for \$237,795,847 in client assets on a discretionary basis, and \$14,642,246 in client assets on a non-discretionary basis. We also manage \$7,355,722 in client assets on a non-continuous basis.

Item 5 Fees and Compensation

Comprehensive Portfolio Management

Our fee for comprehensive portfolio services is based on a percentage of the assets in your account and is set forth in the following annual fee schedule:

Advisory Fee Schedule

| Assets Under Management | Annual Fee |
|--------------------------------|-------------------|
| First \$500,000 | 1.50% |
| Next \$500,000 | 1.15% |
| Next \$4,000,000 | 1.00% |
| Next \$10,000,000 | 0.75% |

| | |
|---------------------|-------|
| Next \$10,000,000 | 0.65% |
| Next \$20,000,000 | 0.55% |
| Next \$20,000,000 | 0.45% |
| Next \$35,000,000 | 0.35% |
| Above \$100,000,000 | 0.25% |

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Our fees are generally not negotiable.

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

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.

Fees will be automatically deducted from your managed account. As part of this process, you understand and acknowledge the following:

- Your independent custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- You provide authorization permitting us to be directly paid by these terms; and
- If we send a copy of our invoice to you, we send a copy of our invoice to the independent custodian at the same time we send the invoice to you.

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 call our main office number located on the cover page of this brochure.

We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing at least one business day in advance and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees based on the number of days for which you were a client during the relevant calendar quarter prior to termination.

If you did not receive our disclosure brochure, Form ADV Part 2, at least 48 hours prior to entering into an advisory agreement with our firm, you may terminate the advisory agreement within five days of acceptance without penalty.

Financial Planning and Consulting:

Where engaged separately as a stand-alone services, we charge on a non-negotiable hourly rate of \$250 or flat fee basis for financial planning and consulting services. For an estimated number of hours for each individual area of financial planning or consulting, please see Item 4 above. Depending on the complexity of the client's financial planning needs and the specific areas of concern, the combined

estimated time for financial planning services typically ranges from 10 to 40 hours. Flat fees generally range from \$2,500 to \$10,000. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you.

The fee is payable directly to us and is due upon completion of the services provided. The amount of time it takes to complete a particular service is dependent upon your individual circumstances, such as the number of specific areas you would like to cover and the complexity of your specific financial situation, i.e., trusts, estates, business ownership, tax brackets, and other personal needs. The time needed will vary from client to client. *In limited circumstances*, the time could potentially exceed the initial estimate. In such cases, we will notify you for authorization to proceed with the additional time needed.

Where engaged separately as stand-alone services, financial planning and consulting fees are payable directly to our firm and are not directly debited from your advisory account. We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

In the event that you wish to terminate our services, you will need to contact us in writing at least one business day in advance and state that you wish to terminate our services. We will cease work on the financial plan and bill you for any work performed in excess of the retainer fee or we will refund you a pro-rata amount of the retainer fee you paid in advance based on the number of hours of work performed prior to the termination date.

Sub-Advisory Services

Due to the institutional nature of these arrangements, 3rd Stream does not publish a standard fee schedule for these discretionary services. Generally, these fees will range between 0.50% and 0.75% of assets under management. The firm reserves the right to negotiate our sub-advisory fees on a case by case basis.

Selection of Other Advisers

Advisory fees charged by third party money managers or private fund managers (Managers) are separate and apart from our advisory fees. Assets managed by other Managers will be included in calculating our advisory fee, which is based on the fee schedule set forth in the *Portfolio Management Services* section in this brochure. Our fees are generally not negotiable and are paid quarterly in advance. Advisory fees that you pay to the Manager are established and payable in accordance with the brochure provided by each Manager. Some Managers may charge performance-based fees to qualified clients or accredited investors. Some Managers may impose minimum account sizes, fees, or other restrictions. The Managers' fees may or may not be negotiable. You should carefully review the Manager's Form ADV Part 2A or equivalent disclosure brochure and advisory agreement to take into consideration the Manager's fees along with our fees to determine the total amount of fees associated with this arrangement. Except in the case where the Manager charges performance-based fees, the total combined fees you pay the Manager and us will not exceed 2% of the value of the assets under management.

You are under no obligation to accept our recommendation of any particular Manager. If you decide to enter into such arrangements, you will be required to sign an agreement with the recommended Manager and us. You should review each Manager's brochure and agreement for specific information on the services, fees, and terms of the agreement, including how you or we may terminate your advisory relationship with the Manager and how you may receive a refund, if applicable. You should contact the Manager directly for questions regarding your advisory agreement with the Manager.

Additional Fees and Expenses

Clients will incur transaction charges for trades executed in their accounts unless asset based pricing has been arranged for that account. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Compensation for the Sale of Securities or Other Investment Products

Mr. Paulson sells securities and insurance products for a commission. In order to sell securities for a commission, Mr. Paulson is a registered representative of APW Capital, Inc. ("APW"), a securities broker-dealer and member FINRA/SIPC. In his capacity as registered representatives, Mr. Paulson receives compensation in connection with the purchase and sale of securities or other investment products, including asset-based sales charges, service fees or 12b-1 fees, or holding, of mutual funds. Compensation earned by Mr. Paulson in his capacity as a registered representative is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice to advisory clients on behalf of our firm who are registered representatives have an incentive to recommend investment products based on the compensation received rather than solely based on your needs. Persons providing investment advice to advisory clients on behalf of our firm can select or recommend, and in many instances will select or recommend, mutual fund investments in share classes that pay 12b-1 fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm who receives compensation described above.

Mr. Paulson is also a licensed, independent insurance agent. Mr. Paulson will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by Mr. Paulson are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Generally, Mr. Paulson only uses his securities license for 529 plans and insurance license for life insurance where it is in the best interest of the client.

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 a 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 *Fees and Compensation* 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.

However, some third party money managers or private fund managers (Managers) may charge performance-based fees to qualified clients or accredited investors as those terms are defined under applicable securities laws.

Item 7 Types of Clients

We offer advisory services to the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, limited liability companies and/or other business types
- Other Investment Advisers

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We generally require clients to have at least \$1,000,000 in net worth to engage us for financial planning or portfolio management services.
- Financial planning services typically take a minimum of 10 hours (\$2,500).
- We generally require a minimum fee of \$5,000 per year for portfolio management services.
- We may waive such minimums based on individual needs and circumstances; in which case the portfolio management fees would not exceed 2% of the assets under management.

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

Our Methods of Analysis and Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

Charting Analysis - involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends.

Risk: Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Technical Analysis - involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

Risk: The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

Risk: 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. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Cyclical Analysis - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions.

Risk: The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Risk: Using a long-term purchase strategy 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 you are invested in or perhaps just your 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 - securities purchased 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.

Risk: Using a short-term purchase strategy 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.

Margin Transactions - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. We utilize margin when implementing option spread strategies.

Risk: If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

Option Writing - a securities transaction that involves selling an option. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell a particular security at a specified price on or before the expiration date of the option. When an investor sells a call option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. When an investor sells a put option, he or she must pay the strike price per share if the buyer exercises the option, and will receive the specified number of shares. The option writer/seller receives a premium (the market price of the option at a particular time) in exchange for writing the option.

Risk: Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

Trading - As part of our primary investment strategy when managing your account(s), we will use frequent trading (in general, selling securities within 30 days of purchasing the same securities). Short-term trading is not appropriate for all investors and we only use it if we have determined that it is suitable for you. Short-term trading includes buying and selling securities frequently in an attempt to capture significant market gains and avoid significant losses.

Risk: When a frequent trading policy is in effect, there is a risk that investment performance within your account may be negatively affected, particularly through increased brokerage and other transactional costs and taxes.

Cash Balances

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to comprehensive portfolio management service, as applicable.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

Tax Considerations

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. 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, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. 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 *clients* should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

Other Risk Considerations

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

Liquidity Risk: The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

Credit Risk: Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

Inflation and Interest Rate Risk: Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

Horizon and Longevity Risk: The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

Recommendation of Particular Types of Securities

We primarily recommend exchange traded funds ("ETFs"), individual equity positions, equity options, investment grade municipal bonds, government agency, and corporate bonds or their equivalent fixed income ETFs. However, we may advise on other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it 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 the investment.

Exchange Traded Funds: Exchange traded funds ("ETF") 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 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 can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on ETFs can be reduced by the costs to manage the funds.

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.

Stocks: There are numerous ways of measuring the risk of equity securities (also known simply 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, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Options Contracts: Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date"). The two types of options are calls and puts:

A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.

A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

Selling options is more complicated and can be even riskier.

The option trading risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.
- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put (for a put option).
- European style options which do not have secondary markets on which to sell the options prior to expiration can only realize its value upon expiration.
- Specific exercise provisions of a specific option contract may create risks.
- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.

The option trading risks pertaining to options sellers are:

- Options sold may be exercised at any time before expiration.
- Covered Call traders forgo the right to profit when the underlying stock rises above the strike price of the call options sold and continues to risk a loss due to a decline in the underlying stock.
- Writers of Naked Calls risk unlimited losses if the underlying stock rises.
- Writers of Naked Puts risk losses if the underlying stock drops up to a maximum of the strike price multiplied by the numbers of contracts sold.
- Writers of naked positions run margin risks if the position goes into significant losses. Such risks may include liquidation by the broker.

- Writers of call options could lose more money than a short seller of that stock could on the same rise on that underlying stock. This is an example of how the leverage in options can work against the option trader.
- Writers of Naked Calls are obligated to deliver shares of the underlying stock if those call options are exercised.
- Call options can be exercised outside of market hours such that effective remedy actions cannot be performed by the writer of those options.
- Writers of stock options are obligated under the options that they sold even if a trading market is not available or that they are unable to perform a closing transaction.
- The value of the underlying stock may surge or ditch unexpectedly, leading to automatic exercises.

Other option trading risks are:

- The complexity of some option strategies is a significant risk on its own.
- Option trading exchanges or markets and option contracts themselves are open to changes at all times.
- Options markets have the right to halt the trading of any options, thus preventing investors from realizing value.
- Risk of erroneous reporting of exercise value.
- If an options brokerage firm goes insolvent, investors trading through that firm may be affected.
- Internationally traded options have special risks due to timing across borders.

Risks that are not specific to options trading include market risk, sector risk and individual stock risk. Option trading risks are closely related to stock risks, as stock options are a derivative of stocks.

Municipal Securities: 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.

Bonds: 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.

Money Market Funds: A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all of your principal. The U.S. Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are

considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

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

Persons providing investment advice on behalf of our firm are registered representatives with APW Capital, Inc., a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

Licensed Insurance Agents

Persons providing investment advice on behalf of our firm may be 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. See the *Fees and Compensation* section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

Recommendation of Other Advisers

We may recommend that you use a third party money manager or we may hire sub-advisers ("TPMM") based on your needs and suitability. We will not receive separate compensation, directly or indirectly, from the TPMM for recommending that you use their services. Moreover, we do not have any other business relationships with the recommended TPMM(s). Refer to the *Advisory Business* section above for additional disclosures on this topic.

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

Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to mitigate conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have a

quarterly securities transaction reporting system for all of our associates. It is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics.

Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Participation or Interest in Client Transactions

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

Aggregated Trading

Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment. Refer to the *Brokerage Practices* section in this brochure for information on our aggregated trading practices.

Item 12 Brokerage Practices

We recommend the brokerage and custodial services of TD Ameritrade Institutional, and Schwab Institutional (whether one or more "Custodian"). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere. Our selection of custodian is based on many factors, including the level of services provided, the custodian's financial stability, and the cost of services provided by the custodian to our clients, which includes the yield on cash sweep choices, commissions, custody fees and other fees or expenses.

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, the most favorable compared to other available providers and their services. We consider various factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services.
- The likelihood that your trades will be executed.
- Availability of investment research and tools.
- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.
- Existing relationship with our firm and our other clients.

Research and Other Soft Dollar Benefits

We do not have any soft dollar arrangements.

Economic Benefits

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

TD Ameritrade Institutional

We participate in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the Program.

As disclosed above, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to you for custody and brokerage services. There is no direct link between our participation in the Program and the investment advice we give you, 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 our participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to your accounts); the ability to have advisory fees deducted directly from your accounts; access to an electronic communications network for 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. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit us but may not benefit your accounts. These products or services may assist us in managing and administering your 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 us or our personnel 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 you, we endeavor at all times to put your interests first. You 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 choice of TD Ameritrade for custody and brokerage services.

As a result of receiving the services discussed above, for no additional cost, we may have an incentive to continue to use or expand the use of TD Ameritrade's services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with TD Ameritrade and we have determined that the relationship is in the best interests of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

TD Ameritrade charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). TD Ameritrade enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. TD Ameritrade's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by TD Ameritrade may be higher or lower than those charged by other custodians and broker-dealers.

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

We routinely require that you direct our firm to execute transactions through TD Ameritrade Institutional, and Schwab Institutional. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

In certain instances, clients may seek to limit or restrict our discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Clients may seek to limit our authority in this area by directing that transactions (or some specified percentage of transactions) be executed through specified brokers in return for portfolio evaluation or other services deemed by the client to be of value. Any such client direction must be in writing (often through our advisory agreement), and may contain a representation from the client that the arrangement is permissible under its governing laws and documents, if this is relevant.

We provide appropriate disclosure in writing to clients who direct trades to particular brokers, that with respect to their directed trades, they will be treated as if they have retained the investment discretion that we otherwise would have in selecting brokers to effect transactions and in negotiating commissions and that such direction may adversely affect our ability to obtain best price and execution. In addition, we will inform you in writing that your trade orders may not be aggregated with other clients' orders and that direction of brokerage may hinder best execution.

Special Considerations for ERISA Clients

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

Aggregated Trades

We combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage when it is in the best interest of the effected accounts (this practice is commonly referred to as "aggregated trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, non-wrap accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an

average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. If you participate in our wrap fee program described above, you will not pay any portion of the transaction costs in addition to the program fee. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment.

We do not aggregate trade for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, 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.

Mutual Fund Share Classes

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. We generally do not purchase, or recommend the purchase of, mutual funds for clients. However, when purchased or recommended, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.

Item 13 Review of Accounts

Comprehensive Portfolio Management Services

We review accounts on at least a weekly basis for our clients subscribing to our Comprehensive Portfolio Management service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

We will provide Client quarterly reports of the assets in the Account that include information regarding cost, current market value, gains and losses, performance and growth for the reporting period. We will also provide Client with direct access to their Accounts if they choose to open an account at the brokerage firm that PWM recommends under the *Brokerage Practices* section above (the "Preferred Broker") through a secure portal on our firm's website. Clients who direct us to place orders through brokerage firms other than the Preferred Broker will have access to the reports generated by PWM (but not direct access to the reports generated by the broker) through a password protected area of PWM's website.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Financial Planning Services

Financial planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. Where engaged only for stand-alone financial planning services, we do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

Item 14 Client Referrals and Other Compensation

TD Ameritrade Institutional Customer Program

We participate in TD Ameritrade's Institutional Customer Program ("Institutional 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 products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 - Brokerage Practices*).

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with APW Capital, Inc., a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

We do not receive any compensation from any third party in connection with providing investment advice to you.

We utilize an advertising and referral program for investment professionals offered through the Dave Ramsey SmartVestor program, (hereinafter, "SmartVestor") for client referrals within a specific geographic region. We pay a monthly membership and advertising fee of \$1,149 for leads made available through the SmartVestor website. The monthly fee is not contingent on a referral becoming a client. SmartVestor provides prospective clients with three to five potential investment professionals located in the individual's general geographic area. The prospective client determines whether to contact our firm from the investment professionals listed on the website. SmartVestor's role is limited to facilitating an initial introduction between the prospective clients and our firm. The SmartVestor program does not provide prospective clients with an assessment of the merits or shortcomings of any particular investment professional or their investment strategies. SmartVestor is a lead generation service and does not provide investment advice. You will not pay additional fees because of this referral arrangement.

Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the 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.

Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary investment advisory agreement for the management of your account(s). Our discretion is governed by the clients' investment policy statements.

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

We consider proxy voting an important right of our clients as shareholders and believe that reasonable care and diligence must be taken to ensure that such rights are properly and timely exercised. When we have discretion to vote the proxies of our clients, we will vote those proxies in your best interests and in accordance with these policies and procedures.

Policy for voting proxies

All proxies received by our firm will be given to our Chief Compliance Officer for processing. Our Chief Compliance Officer will determine which accounts managed by our firm hold the security to which the proxy relates. These accounts and their share holdings will be matched to the proxies received for each security. Missing proxies or significant variances in shares held will be investigated.

A grid of shares held by the client for each security being voted will be updated with each proxy being voted. Our Chief Compliance Officer will review each item for voting on each proxy. Based on our proxy voting guidelines outlined below, a determination of how our firm votes will be made. Any undefined issues will be referred to our President.

A listing of each proxy voted will be updated at the time the proxy is voted. Proxies will generally be voted online unless custodian requires mailed form. In the absence of specific voting guidelines from the client, we will vote proxies in the best interest of each particular client.

Proxies voting guidelines

Where voting authority exists, proxies are voted by our firm in the best interests of plan beneficiaries:

- for directors and for management on routine matters.
- for a limit on or reduction of the number of directors, and for an increase in the number of directors on a case by case basis.
- against the creation of a tiered board.
- for the elimination of cumulative voting.
- for independence of auditors
- for deferred compensation.
- for profit sharing plans.
- for stock option plans unless the plan could result in material dilution to shares outstanding or is excessive.
- for stock repurchases.
- for an increase in authorized shares unless the authorization effectively results in a blind investment pool for shareholders.
- for reductions in the par value of stock.
- for company name changes.
- for routine appointments of auditors.

We abstain on motions to limit directors' liability. Material issues not addressed above (e.g., mergers, poison pills, social investing and miscellaneous shareholder proposals) are dealt with on a case-by-case basis. Our firm will defer to client voting policies as directed. Eligible shares are monitored against ballots received from custodians, and detailed records of all issues and votes are maintained and reported to clients as requested.

We recognize that under certain circumstances we may have a conflict of interest between us and our clients. Such circumstances may include, but are not limited to, situations where our firm or one or more of our affiliates, including officers, directors and employees, has or is seeking a client relationship with the issuer of the security that is the subject of the proxy vote. We shall periodically inform our employees that they are under an obligation to be aware of the potential for conflicts of interest on the part of our firm with respect to voting proxies on behalf of funds, both as a result of our employee's personal relationships and due to circumstances that may arise during the conduct of our business, and to bring conflicts of interest of which they become aware to the attention of the proxy manager. We shall not vote proxies relating to such issuers on behalf of client accounts until we have determined that the conflict of interest is not material or a method of resolving such conflict of interest has been agreed upon by our management team. A conflict of interest will be considered material to the extent that it is determined that such conflict has the potential to influence our decision-making in voting a proxy. Materiality determinations will be based upon an assessment of the particular facts and circumstances. If we determine that a conflict of interest is not material, we may vote proxies notwithstanding the existence of a conflict. If the conflict of interest is determined to be material, the conflict shall be disclosed to our management team and we shall follow the instructions of the management team. We shall keep a record of all materiality decisions and report them to the management team on an annual basis.

Our firm generally submits votes electronically through proxyvote.com and relies on our ability to retrieve our voting history from them for producing our clients' records. We do not pay for proxy voting services with soft dollars. Also, we do not charge an additional fee to vote proxies.

We keep certain records required by applicable law in connection with our proxy voting activities. Clients may request a copy of our written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting our Chief Compliance Officer, Nathan R. Paulson, by phone at (630) 517-2950 or email at npaulson@paulsonwealth.com.

Item 18 Financial Information

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

We have not filed a bankruptcy petition at any time in the past ten years.

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

Trade Errors

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 trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

Class Action Lawsuits

We will assist you, in conjunction with your legal counsel or other professionals, in filing claims with the claims administrator to participate in any settlement proceeds related to class action settlements involving a security held in your portfolio. We may also work with your legal counsel to determine whether you are eligible to participate in class action litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held in your portfolio.

IRA Rollover Considerations

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

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

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

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

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

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

3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
 - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

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