

Amuni Financial, Inc. Firm Brochure  
Form ADV Part 2A



Amuni Financial, Inc.  
720 Second Avenue South  
Saint Petersburg, FL 33701

(800) 868 – 6864  
[www.amuni.com](http://www.amuni.com)

This Brochure provides information about the qualifications and business practices of Amuni Financial, Inc. (“AMUNI”). If you have any questions about the content of this brochure, please contact us at (800) 868 – 6864 or [info@amuni.com](mailto:info@amuni.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about AMUNI is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

AMUNI is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information for use in determining whether to hire or retain an adviser.

Branch Office: 1501 North University Avenue, Suite 330  
Little Rock, Arkansas 72207  
(800) 723 – 2663

August 25, 2021



## Item 2: Material Changes

Please find below the material changes that have occurred since our last annual update of this brochure dated March 2020:

- On April 20, 2020, the Company received \$447,000 with respect to a PPP loan. In December 2020, the Company applied for and was granted forgiveness with respect to the PPP loan.



### 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 & Compensation .....  | 5  |
| Item 6: Performance-Based Fees & Side-by-Side Management .....                                     | 12 |
| Item 7: Types of Clients .....   | 12 |
| Item 8: Methods of Analysis, Investment Strategies & Risk of Loss .....                            | 12 |
| Item 9: Disciplinary Information .....   | 18 |
| Item 10: Other Financial Industry Activities & Affiliations .....                                  | 18 |
| Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading ..... | 18 |
| Item 12: Brokerage Practices .....   | 19 |
| Item 13: Review of Accounts .....  | 20 |
| Item 14: Client Referrals and Other Compensation .....   | 21 |
| Item 15: Custody .....   | 22 |
| Item 16: Investment Discretion .....   | 22 |
| Item 17: Voting Client Securities .....  | 22 |
| Item 18: Financial Information .....   | 23 |



## Item 4: Advisory Business

---

Amuni Financial, Inc. (“AMUNI”) is a Florida corporation, established in 1980 and is a general securities Broker Dealer registered with the Securities and Exchange Commission (SEC), Financial Industry Regulatory Authority (FINRA), the Municipal Securities Rulemaking Board (MSRB) and 49 states and U.S Territories. In 1998 and 1999 respectively, AMUNI became registered as an investment adviser with locations in the states of Florida and Arkansas. The firm has a registered branch office located in Little Rock, Arkansas.

The principal owner of AMUNI is Michael C. Petagna; he serves as the President and Chief Compliance Officer (“CCO”).

Our primary focus is to provide personalized investment supervisory services tailored to the individual needs of our clients, charging a percentage of assets under management. Our clients are comprised of individuals, trusts, estates and/or charitable organizations. We use a fundamental method of analysis, drawing on information sources that include: financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases, as well as, the overall economic and industry conditions. AMUNI FA’s can host existing customers and potential prospects in educational seminars and webinars.

Using financial information obtained from the initial client interview, your FA will construct a portfolio of securities based on your individual needs, risk tolerance and investment objectives and may use outside money managers/advisors in constructing your portfolio. Your portfolio may include load or no-load mutual funds, exchange-traded funds (ETFs), stocks, bonds, cash, derivatives, closed end funds, and other types of securities. Internal expenses and fees of security investments will be considered; however, the lowest cost mutual fund, share-class, **ETF, or other security will not always be available or used in the FA’s investment strategy** for your account.

Clients have the ability to impose restrictions on investing in certain securities. Such restrictions must be discussed and agreed upon at the start of the advisory relationship. In cases where clients would like to impose restrictions later in the relationship the client must disclose the restriction in writing to their Adviser. No transactions prior to notification are subject to the restriction. Where the restrictions requested are impractical, the client will be informed, and such request will not be honored.

### Advisory Services: Wrap Fee Programs

---

AMUNI has entered an agreement with Wells Fargo Clearing Services, LLC. (“WFCS”), pursuant to which WFCS provides advisory and/or other services with respect to the Programs. Clients of investment advisory accounts described herein are clients of AMUNI. AMUNI is not related to or affiliated with WFCS or First Clearing (the “Clearing Agent”). AMUNI does not have custody of your assets or cash. WFCS serves as your qualified custodian. WFCS will send you quarterly statements and in certain circumstances where warranted, monthly statements. All management fees are deducted by WFCS from your account with your written permission. The **Clearing Agent qualifies as a “qualified custodian” as described by Rule 206(4)-2 of the Investment Advisers Act.** WFCS and Clearing Agent each reserve the right to reject and not provide services to any client or with respect to any client account for any reason.



WFCS is the sponsor of and provides advisory and other services to AMUNI with respect to the following WFCS Programs: Personalized Unified Managed Account (UMA), FundSource, and Customized Portfolios. Please review the appropriate WFCS Disclosure Documents for descriptions of each program.

AMUNI is the sponsor of the following programs: Asset Advisors, Custom Choice, PIM (Private Investment Management), and Private Advisor Network. While WFCS does not provide advisory services with respect to the aforementioned programs, WFCS provides certain non-advisory services that allow AMUNI to offer these programs. Please review the AMUNI Financial, Inc. Wrap Fee Program Brochure for descriptions of these programs.

AMUNI receives a portion of the wrap fee for our services.

You should work with your FA to determine whether a commission- based account, where you pay per transaction for each trade, is better suited for your needs than a fee-based account.

As of January 20, 2021, AMUNI managed approximately \$108,200,000 in regulatory assets all of which is managed on a non-discretionary basis.

## Item 5: Fees & Compensation

---

You should be aware that program fees charged may be higher or lower than those otherwise available if you were to select a separate brokerage service and negotiate commissions in the absence of the extra advisory service provided. Our fee schedules are subject to negotiation depending upon a range of factors including, but not limited to account sizes and overall range of services provided. The combination of fees for AMUNI and the third-party managers will not exceed the industry standard of excessive fees, which is three percent.

You should consider the value of these advisory services when making such comparisons. The combination of custodial, advisory and brokerage services may not be available separately or may require multiple accounts, documentation and fees. You should also consider the amount of anticipated trading activity when selecting among the programs and assessing the overall cost. Advisory programs typically assume a normal amount of trading activity and, therefore, under circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings may result in higher fees than if commissions were paid separately for each transaction.

If you liquidate securities prior to initiating or after terminating Program services, you will be subject to customary brokerage charges with respect to that transaction, in addition to any Program fees that are applicable during the period. For securities purchased previously in a brokerage Account and subsequently moved into an advisory Account, these securities will be included in the calculation of the Program fee, in addition to any previous brokerage charges paid.

In an advisory Account, you pay a fee based on the percentage of assets in your Account in accordance with an investment advisory Program agreement. Certain advisory Programs may have higher total fees than other advisory Programs based on a number of factors including, but not limited to, management fees, and administrative fees.



A conflict of interest exists to the extent that we have a financial incentive to recommend a particular advisory Program that results in additional or greater compensation to us. First Clearing charges AMUNI annual fees in basis points calculated on the total client account portfolio value. AMUNI negotiates clearing fees and custodial fees where the amount of assets held at First Clearing is taken into consideration. Our receipt of economic benefits from the First Clearing creates a conflict of interest because it provides an additional incentive to recommend First Clearing. To manage this conflict of interest we periodically compare the fees charged and services offered by our First Clearing with those offered by other Custodians.

You authorize our Clearing Agent to deduct fees at the rate indicated in the Fee Schedule for your Program quarterly, in advance, from your Account(s). For the purposes of calculating the Program fees, "Account Value" means the sum of the absolute market value of all eligible long and short security positions by schedule or asset type, including accrued income, cash and cash alternatives held in your Account. If your account has short positions, the Account Value reflects the short position's absolute value. A short position does not offset the value of long positions in the account. In valuing your Account, we will use the closing prices or, if not available, bid prices of the last recorded transactions for listed securities, options and over-the-counter securities. For mutual funds, we will use the fund's most current net asset value, as computed by the fund company. In doing so, we will use the information provided by quotation services believed to be reliable. If any such prices are unavailable or believed to be unreliable, we will determine prices in good faith so as to reflect our understanding of fair market value.

Due to trade date or settlement date accounting, the treatment of accrued income and other factors, the Account Value used in the calculation of fees may differ from that shown on your monthly account statement and/or performance report.

The initial fee is calculated as of the date that the account is accepted into the program and covers the remainder of the calendar quarter. Subsequent fees will be determined for calendar quarter periods and shall be calculated on the value of the account on the last business day of the prior calendar quarter.

No fee adjustment will be made during any fee period for appreciation or depreciation in the value of the assets in your account during that period. Your account will be charged or refunded a prorated quarterly fee on any net additions or net withdrawals in the account during a month. Fees will be charged or refunded if the net addition or net withdrawal would generate a fee or refund of at least \$40 for that quarter. Fees will be assessed in the month following the net addition or net withdrawal. Fees are based on the value of the assets in your Account, and AMUNI shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of your funds.

Whenever there are changes to the fee schedule, the schedule charges previously in effect shall continue until the next billing cycle.

For margin accounts, the advisory fee is based on total assets in the account as shown on the **client's custodial statement, including any assets purchased on margin. This billing practice presents conflicts of interest and creates an incentive for AMUNI and/or its advisors to utilize higher levels of margin as of the date a client's advisory fee is calculated, thereby increasing the amount of advisory fees received by AMUNI.**



In addition to the Advisory Fees paid to AMUNI, investment advisory clients will sign separate agreements with an unaffiliated custodian and pay a fee for their custodial services to that custodian. These fees may include an account set-up fee, an annual basic fee, and early closure fee, and other non-brokerage related fees such as IRA fees, in addition to the basic quarterly fee charged by the custodian.

Your account will be charged a separate additional charge for:

- a) Brokerage commissions on transactions effected through outside brokers (step-outs),
- b) Dealer mark-ups, mark-downs, and spreads (whether charged by us or another broker-dealer), and
- c) Wire fees, overnight fees, and other miscellaneous services and events.

AMUNI generally executes trades through our clearing firm, First Clearing, but money managers in separately managed account programs may determine that placing trades with another broker-dealer is necessary to comply with their best execution obligations. These are called “step-out trades.” Step-out trades by your money manager will incur additional trading costs.

AMUNI receives fees on balances in securities-based loans.

## Fee Schedules

Current fee schedules are as follows for the advisory programs sponsored by AMUNI:

| Program                             | Minimum Account Size | AMUNI Maximum Annual Fee | Notes   |
|-------------------------------------|----------------------|--------------------------|---|
| Asset Advisor                       | \$25,000             | 3.00%                    | See additional fee disclosure below             |
| CustomChoice                        | \$25,000             | 1.75%                    |   |
| PIM (Private Investment Management) | \$50,000             | 3.00%                    |   |
| Private Advisor Network             | \$100,000            | 2.05%                    | Outside manager fee is in addition to AMUNI fee |

Current fee schedules are as follows for the advisory programs sponsored by WFCS:

| Program               | Minimum Account Size  | AMUNI Maximum Annual Fee | Notes                        |
|-----------------------|---|--------------------------|------------------------------|
| FundSource            | \$10,000 - \$25,000   | 2.00%                    | Includes outside manager fee |
| Personalized UMA      | Single Strategy:<br>\$10,000<br>Custom Blend:<br>\$15,000<br>Optimal Blends:<br>\$200,000 | 2.50%                    | Includes outside manager fee |
| Customized Portfolios | \$50,000 - \$2,000,000  | 2.50%                    |                              |



Advisory Account fees may be negotiated with your Financial Advisor based upon these and other subjective factors, as well as our point-in-time views of the prevailing market prices for similar investment services. These fees may also change from time to time. All Accounts are subject to a minimum fee and therefore could have a fee higher than the standard fee rate on the Program Agreement. Certain Clients may be paying lower fees for their Accounts than those that apply to your Account. Your final fee is listed in your signed investment agreement with AMUNI.

### **Account Fees and Compensation – Additional Information**

The fee does not include certain dealer markups or markdowns, odd lot differentials, transfer taxes, exchange fees, execution fees (foreign and/or domestic) when applicable, ADR custodial pass through fees, foreign financial transaction taxes when applicable, and any other fees required by law. Cash balances in an Account may be invested in money market mutual funds including, as permitted by law, those with which we have agreements to provide advisory, administrative, distribution, and other services and for which we receive compensation for the services rendered.

In a low interest rate environment, the yield that you earn on cash and cash alternatives, including cash sweep funds, CDs and money market funds may not offset advisory fees. In some instances, the effective yield of the investment may in fact be negative.

**If you invest in foreign stocks or American depository receipts (“ADRs”), you may be subject to foreign tax withholding on the dividends paid or interest earned.** An ADR represents underlying shares of a foreign corporation which are held and issued by a Page 8 of 19 571264 (Rev 33 - 10/17) Page 9 of 19 U.S. bank. While ADRs are traded on U.S. markets, the income and tax withholding are subject to the rules and regulation of the foreign tax authorities with jurisdiction over the underlying corporation. When dividends or interest is paid to investors on foreign securities, the tax authorities for that country may require the payor to withhold taxes for certain foreign investors. This can negatively impact the rate of return on your investment. U.S. clients may be eligible to reclaim a portion of foreign taxes that are withheld and/or receive a preferential foreign tax rate on foreign securities by filing specific tax forms seeking such relief. We do not provide tax advice. Please consult your tax adviser for specific information on foreign tax withholding, your eligibility to reclaim a portion of taxes withheld and/or receiving a preferential foreign tax rate and the costs associated with these filings.

Non-brokerage-related fees, such as IRA fees, are not included in the wrap fee and will be charged to your Account separately. As more fully described in the fee schedules above, the fees you are charged will be different, depending on the asset type invested by the Account.

Your Financial Adviser may suggest that you use other products and services that we offer, but that are not available through the Program you select (“Excluded Assets”). Excluded Assets are not charged a Program fee and are not considered a part of the Program or Program services. We generally recommend that you hold these Excluded Assets in a separate brokerage Account. If an Excluded Asset purchased for or transferred into your Account later becomes a Program Eligible Asset, Program fees will apply to that Asset without prior notice to you. In Asset Advisor, if that Asset is a mutual fund it may then become subject to the Rebalance Trading System. You will incur any usual and customary brokerage charges and fees imposed on transactions in Excluded Assets which may include (i) any dealer markups and odd lot





differentials, transfer taxes, and other fees; (ii) charges imposed by broker-dealers and custodians other than us and fees for other products and services that we may offer; (iii) offering discounts, commissions and related fees in connection with underwritten public offerings of securities; (iv) margin interest and operational fees and charges; (v) IRA fees; and (vi) any redemption fees, exchange fees and/or similar fees (among which SEC fees are included) imposed in connection with mutual fund transactions whereby we or your Financial Adviser will receive additional compensation on these Excluded Assets. Where these fees apply, the more transactions you enter into, the more compensation that we and your Financial Adviser receive. This compensation creates an incentive for us to recommend that you buy and sell, rather than hold, these investments. We also have an incentive to recommend that you purchase investment products that carry higher fees, than investment products that carry lower fees or no fees at all.

### **Insurance and Investment Company Products Fees & Expenses**

In addition to the investment advisory fee that you pay, each mutual fund and exchange traded fund (ETF) pays its own operating expenses, including internal management fees. Mutual funds may also pay 12b-1 marketing fees. The expense ratios of mutual funds and ETFs affect the total return of your investments, and higher fees and expenses will reduce your returns. You will bear a proportionate share of fees and expenses of any investment company in which your assets are invested.

Mutual funds may impose redemption fees to discourage short-term trading. These redemption charges are retained by the fund company from the redemption proceeds, and are reflected on trade confirmations. Any redemption charges incurred are in addition to the asset-based fee you pay to AMUNI.

Insurance products such as variable annuities pay their own Mortality and Expense (M&E) fees, separate account fees, and rider charges. Any such fees are in addition to the asset-based fee you pay to AMUNI.

Certain Asset Advisor Clients may be eligible to participate in certain allowable syndicate/new issue transactions. Positions purchased via syndicate/new issue transactions within your Asset Advisor Account will be excluded from the calculation of the Asset Advisor Program fee for a period of 12 months.

For variable annuities, consider any charges and fees, including mortality and expense charges, administrative charges, and investment management fees and applicable 12b-1 fees for the portfolio options. These charges and fees will reduce the value of your Account and return on your investment. If you have selected a rider, or optional feature, there may be an additional cost. Variable annuity contracts are available in several price structures at AMUNI. In addition to the annuity contract fees and expenses, you will be charged an advisory fee based on the terms set forth in your advisory Client Agreement. This advisory fee will not be taken from the variable annuity contract. Over time, your total expenses to own an advisory variable annuity inside your investment advisory Account may be greater than the total expenses to own a similar annuity outside your investment advisory Account.



## Mutual Funds and Exchange-Traded Funds in Advisory Programs

When structuring our advisory Program offerings, we determine the universe of mutual funds and ETFs that will be made available to advisory Program clients. Although mutual fund companies typically offer multiple share classes of each of their mutual funds with varying levels of fees and expenses, we generally choose a single share class of each mutual fund for our advisory Program platform.

We do not seek to offer mutual funds or share classes through our advisory Programs that are necessarily the least expensive. Investing in mutual funds will generally be more expensive than other investment options available in your advisory Account, such as ETFs. In addition to the Program fee, **you will also bear a proportionate share of each fund's expenses, including investment management fees that are paid to the fund's investment adviser and distribution, shareholders services or other fees paid to us.** These expenses are an additional expense to you and not covered by the Program fee; rather, they are imbedded in the price of the fund. You should carefully consider these underlying expenses, in addition to the Program fees, when considering any advisory Program and the total compensation we receive.

Other funds and share classes have different charges, fees, and expenses, which may be lower than the charges, fees, and expenses of the funds and share classes we make available. These funds and share classes are available through other broker-dealers and financial intermediaries, and the Funds directly, including where lower-cost share classes are made available. An investor who holds a less-expensive share class of a fund will pay lower fees over time - and earn higher investment returns - than an investor who holds a more expensive share class of the same fund.

**For a listing of all share classes that a given fund may offer, please refer to the fund's prospectus.** Please call your Financial Adviser for more information about any limitations on share classes available through us.

Over time, given funds may offer share classes with lower fees. In these instances, we will determine, from time to time in our discretion, whether and in what manner to offer these share classes to our advisory Clients. This may result in shares you own of the given fund being converted to the share class with lower fees or such share class with lower fees being available only for new purchases. We review our policies, procedures and systems from time to time in our discretion to determine whether to continue to offer funds with these multiple share classes, and reserve the right to no longer offer certain share classes within our advisory Program platform.

## Outside Money Managers

AMUNI will enter into agreements with various non-affiliated investment advisers to offer asset allocation and wrap fee programs to AMUNI clients. The duties of AMUNI will include assisting the client in choosing investment objectives and appropriate investment managers, setting restrictions or limitations on the management of the account, explaining portfolio strategies and transactions and answering client questions. Also, AMUNI reviews the performance of third party advisers on a quarterly basis prior to introducing clients to the non-affiliated investment advisers. As a result of the agreement, compensation will be provided to AMUNI in exchange for introducing clients to the non-affiliated investment advisers.



Compensation to AMUNI will be in the form of a percentage of the fee charged to the client by the non-affiliated investment adviser for its services. The maximum fee received by AMUNI is found in the program fee schedule. These fees will usually be calculated as a percentage of assets under management. The relationship of AMUNI with the non-affiliated investment adviser will be clearly communicated to all clients in a disclosure statement provided by the non-affiliated investment adviser and/or AMUNI.

Compensation is received by AMUNI for services rendered. Fees paid in advance will be refunded to the client prorated to the number of days in the quarter in which the client received other services. Generally, an agreement may be terminated with 30 days written notice. However, compensation arrangements and termination provisions will also be disclosed in the **non-affiliated adviser's disclosure brochure and/or AMUNI's disclosure brochure**. Fees, payments and refund policies will vary depending upon the non-affiliated investment adviser's fee schedule and terms. AMUNI will determine that any non-affiliated investment adviser, with which AMUNI contracts, is properly registered in those states where investment advice or securities are provided to residents of that state.

## Taxes

AMUNI does not provide tax advice.

Transactions that occur in your account including liquidations and rebalancing transactions may result in realized gains or losses for tax purposes. In addition, you may be invested in certain investment products that result in unique tax treatment, including Schedule K-1 reporting. Master Limited Partnerships (MLPs), and ETFs containing alternative investments like precious metals, currency or commodities, have varying tax treatments, sometimes even in retirement accounts. You should consult with your tax adviser regarding the tax implications of investing in any of the advisory services described in this brochure.

## Brokerage-Related Compensation

AMUNI is registered as a securities broker-dealer and we employ registered representatives to perform our brokerage services. If you use our brokerage services outside of one of the asset-based advisory programs discussed above, we will receive transaction-related compensation such as commissions. We may recommend load, low load, or no-load mutual funds. We typically receive transaction-related compensation for the sale of load and low-load funds, ETFs and other brokerage securities. If you purchase and/or sell fixed income securities from our inventory, we will receive additional compensation through a mark-up or mark-down of the purchase price. When you have securities that are held in an advisory program where AMUNI does not collect a fee on the securities value, you will be charged fees and commissions as you would in a brokerage account.

Paying separately for brokerage services creates a conflict of interest with respect to our recommendations by creating an incentive to recommend investment products based on the compensation received, rather than on **a client's needs**. We take steps to mitigate these conflicts of interest through detailed disclosures and the continual review and mitigation of known conflicts of interest. Whether we act as a broker or dealer in a transaction for your account, you will receive a transaction confirmation disclosing our capacity and our compensation.



You are always free to implement our investment advice through the services of another broker-dealer. Other unaffiliated broker-dealers, such as discount brokerage firms, may charge less than we do, but typically do not offer investment advice.

For a more detailed discussion of our broker-related practices and the associated conflicts of interest please visit [www.amuni.com/legal](http://www.amuni.com/legal) disclosures (<https://www.amuni.com/wp-content/uploads/2020/01/Brokerage-Compensation-Information-and-Conflicts-of-Interest-Disclosures.pdf>.)

## **Item 6: Performance-Based Fees & Side-by-Side Management**

---

AMUNI does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) and has no side-by-side management concerns.

## **Item 7: Types of Clients**

---

AMUNI provides investment advisory services primarily to individuals and high net worth individuals.

The minimum investment to open an account at AMUNI varies by program. Requirements to open or maintain an account are described above under Services, Fees and Compensation in the Fee Schedules. AMUNI reserves the right to waive the minimum account size and or impose a higher minimum account size for certain investment strategies. We may terminate Client Accounts with written notice if they fall below minimum Account value guidelines established by us. AMUNI also reserves the right to negotiate lower fees. The management fee is not based on capital appreciation or performance of any type.

## **Item 8: Methods of Analysis, Investment Strategies & Risk of Loss**

---

At AMUNI we use the fundamental approach to investment analysis. The main sources of information include: financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission and company press releases. Our investment strategies focus on long term purchases, securities held at least a year.

### **Risk of Loss**

---

All investments shall be at your risk exclusively, and you must understand that we do not guarantee any return on the investments recommended or advised upon and may not be responsible for losses resulting from such trading or for any transactions that we have not recommended to you. Investing in securities involves risk of loss that clients should be prepared to bear.



There are material risks involved in our strategy. There is no one method or combination of methods of evaluating securities that is fool proof. Despite our best attempts at conducting analysis and implementing various strategies, an investment can always move in the wrong direction resulting in a loss of your investment, and past performance is no guarantee of future returns. Depending on the types of securities you invest in, you should consider the following risks:

**Interest-rate Risk:** Fluctuations in interest rates cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of **a security's particular** underlying circumstances. For example, political, economic and social conditions may trigger market events.

**Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

**Currency Risk:** Investments with exposure to overseas assets are subject to fluctuations due to **changes the value of the dollar against the currency of the asset's originating country.** This is also referred to as exchange rate risk.

**Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

**Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Financial Risk:** **Excessive borrowing to finance a business' operations increases the risk of** unprofitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Liquidity Risk:** **When consistent with a client's investment objectives, guidelines, restrictions and risk tolerances,** the FA may invest portions of Client portfolios in illiquid securities, subject to applicable investment standards. Investing in an illiquid (difficult to trade) security may **restrict your FA's ability to dispose of investments in a timely fashion or at an advantageous price,** which may limit the ability to take full advantage of market opportunities.

- **Accounts may hold securities which are partnerships.** Some partnerships are relatively liquid and may be either exchange listed or traded over-the-counter. However, most partnership securities are often illiquid and are subject to significantly less regulation than public investments.

**Issuer Risk:** Securities may decline in value because of changes in the financial condition of the issuer. An individual security may perform differently than the market as a whole.



**Fixed income Risks:** Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, and market risk, which could reduce the yield that an investor receives from his or her portfolio. These risks may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets.

- **Debt securities have a stated maturity date when the issuer must repay the principal** amount of the bond. Some debt securities, known as callable bonds, may repay the principal earlier than the stated maturity date. Debt securities are most likely to be called when interest rates are falling because the issuer can refinance at a lower rate.
- **The credit rating or financial condition of an issuer may affect the value of a debt security.** Generally, the lower the quality rating of a security, the greater the risk that the issuer will fail to pay interest fully and return principal in a timely manner. The issuer of an investment-grade security is more likely to pay interest and repay principal than the issuer of a lower rated bond. Credit ratings are not an absolute standard of quality but, rather, general indicators that reflect only the view of the originating ratings agencies from which an explanation of the significance of such ratings may be obtained. If an issuer defaults or becomes unable to honor its financial obligations, the security may lose some or all of its value.
- **High yield or “junk” bonds are highly speculative securities that are usually issued by** smaller, less credit worthy and/ or highly leveraged (indebted) companies. Compared with investment-grade bonds, high yield bonds carry a greater degree of risk and are less likely to make payments of interest and principal. Market developments and the financial business conditions of the corporation issuing these securities influences their price and liquidity more than changes in interest rates, when compared to investment-grade debt securities. Insufficient liquidity in the junk bond market may make it more difficult to dispose of junk bonds and may cause the portfolio to experience sudden and substantial price declines.

**Foreign, Emerging Markets Equity and Fixed Income Risk:** Investments in these types of securities have considerable risks. Investments in securities of foreign and emerging markets issuers involve different investment risks than those affecting obligations of U.S. issuers, including:

- **Public information may be limited with respect to foreign and emerging markets issuers;** foreign and emerging markets issuers may not be subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies.
- **There may also be less government supervision and regulation of foreign and emerging markets securities exchanges and are less liquid and more volatile than securities of comparable domestic issuers.**
- **Brokerage commissions and other transaction costs on foreign and emerging markets securities exchanges are generally higher than in the U.S.** Dividends and interest paid by foreign and emerging markets issuers may be subject to withholding and other





foreign taxes, which may decrease the net return on foreign investments as compared to dividends and interest paid by U.S. companies.

- **Such markets often have different clearance and settlement procedures for securities transactions.**
- **Additional risks include future political and economic developments, the possibility that a foreign jurisdiction might impose or change withholding taxes on income payable with respect to foreign and emerging markets securities, and the possible adoption of foreign governmental restrictions such as exchange controls.**
- **Since the securities purchased in a foreign or emerging markets portfolio can be denominated or quoted in currencies other than the U.S. dollar, changes in foreign currency exchange rates may affect the value of securities in the portfolio.**

**High-yield fixed-income Securities Risk:** Investments in high-yielding, non-investment grade bonds involve higher risk than investment grade bonds. Adverse conditions may affect the issuer's ability to make timely interest and principal payments on these securities.

**Small/Mid Cap Risk:** Stocks of small and mid-capitalization companies may have less liquidity than those of larger companies and may be subject to greater price volatility and risk than the overall stock market. In addition, the frequency and volume of trading in securities of smaller and mid-size companies may be substantially less than what is typical of larger companies. Therefore, the securities of smaller and mid-size companies may be subject to greater and more abrupt price fluctuations.

**Diversification Risk:** Investments that are concentrated in one or few industries or sectors may involve more risk than more diversified investments, including the potential for greater volatility.

Specific products recommended to you also have inherent risks:

**American Depositary Receipt ("ADR") Risk:** ADRs are typically issued by a U.S. bank or trust company and represent ownership of underlying foreign securities. There are several risks unique to ADRs that must be considered. For instance, while they will react to normal market fluctuations like regular stocks, ADRs are still vulnerable to currency risks. If the value of the company's home currency falls too much relative to the U.S. Dollar, the effect will trickle down to the ADR eventually. The same can be said for changes in the home country's government. See the "Foreign, Emerging Markets equity and fixed income Risk" section for more information.

**REIT Risk:** Listed REITs' share prices may decline because of adverse developments affecting the real estate industry such as declining real estate values, changing economic conditions and increasing interest rates. The returns from REITs may trail returns from the overall market. Additionally, there is always a risk that a given REIT will fail to qualify for favorable tax treatment or may not qualify or may not remain qualified as a REIT.

**Exchange Traded Funds (ETFs):** Equity-based exchange traded funds are subject to risks similar to those of stocks; fixed income-based ETFs are subject to risks similar to those of bonds. An ETF may not efficiently track the value of the underlying asset it is designed to track.



**Leveraged ETFs:** Most leveraged ETFs seek to provide a multiple of the investment returns of a given index or benchmark on a daily basis. Inverse ETFs seek to provide the opposite of the investment returns, also daily, of a given index or benchmark, either in whole or by multiples. Due to the effects of compounding and possible correlation errors, leveraged and inverse ETFs may experience greater losses than one would ordinarily expect. Compounding can also cause a widening differential between the performances of an ETF and its underlying index or benchmark, so that returns over periods longer than one day can differ in amount and direction from the target return of the same period. Consequently, these ETFs may experience losses even in situations where the underlying index or benchmark has performed as hoped. Aggressive investment techniques such as futures, forward contracts, swap agreements; derivatives and options can increase ETF volatility and decrease performance. If you invest in these ETFs, you should monitor their positions as frequently as daily.

**Derivative Strategy:** Options carry a high level of risk and are not suitable for all investors. Certain requirements must be met to trade options. Covered calls provide downside protection only to the extent of the premium received and limit upside potential to the strike price plus premium received. Multiple-leg strategies will involve multiple commissions. Please read the Options Disclosure Document called Characteristics and Risks of Standardized Options for more detail.

**Annuities:** Annuities carry a number of risks which you should consider before investing including but not limited to:

- **Liquidity Risk:** Although annuities do allow for complete access through surrendering the contract, the fees and penalties that could be triggered could adversely impact the principal amount. An investment in an annuity needs to be made with the knowledge that it is a long-term investment which may not perform to expectations if funds are accessed too early in the contract. Annuities should not be considered if there is not a sufficient amount of liquid assets available elsewhere in your portfolio.
- **Market Risk:** Market risk is not an issue for fixed annuities as the rate of return is based on a fixed yield and supported by rate guarantees. However, with variable annuities, which include separate investment accounts, the risk of fluctuation in the value of the accounts is tied directly to the performance of the markets.
- **Interest Rate Risk:** For fixed annuities, especially those with a multi-year rate guarantee, the risk is that interest rates rise quickly while your funds are locked into a lower yield. Conversely, if your rate is guaranteed for just one year, the risk is that interest rates suddenly fall, and your renewed rate is lower than your initial rate.
- **Inflation Risk:** The risk of inflation affects the long-term impact of your annuity accumulation, and ultimately, the purchasing power of future annuity income. In terms of its devaluing capabilities, a dollar today will be worth half as much in 20 years based on the current rate of inflation. Should the rate of inflation increase, that time frame will shorten.
- **Taxation risk:** Changes in your tax bracket or tax laws can affect your annuity. You should consult with your tax consultant prior to investing in any annuity product.





- **Credit Risk:** Annuity contracts and all of their guarantees and obligations are backed strictly by the assets of the issuing life insurance company. There is always the risk that the issuing life insurer runs into financial trouble or becomes insolvent.

Structured Products: Structured products are not for everyone. Some of the risks include:

- **Issuer default risk:** In the event that a structured product issuer becomes insolvent and defaults on their listed securities, you will be considered as an unsecured creditor and will have no preferential claims to any assets held by the issuer. You should therefore pay close attention to the financial strength and credit worthiness of structured product issuers.
- **Uncollateralized product risk:** Uncollateralized structured products are not asset backed. In the event of issuer bankruptcy, you can lose your entire investment. You should read the listing documents to determine if a product is uncollateralized.
- **Gearing risk:** Structured products such as derivative warrants and callable bull/bear contracts (CBBCs) are leveraged and can change in value rapidly according to the gearing ratio relative to the underlying assets. Investors should be aware that the value of a structured product may fall to zero resulting in a total loss of the initial investment.
- **Expiration considerations:** Structured products have an expiration date after which the issue may become worthless. Investors should be aware of the expiration time horizon and choose a product with an appropriate lifespan for their trading strategy.
- **Extraordinary price movements:** The price of a structured product may not match its theoretical price due to outside influences such as market supply and demand factors. As a result, actual traded prices can be higher or lower than the theoretical price.
- **Liquidity risk:** The role of liquidity providers is to provide two-way quotes to facilitate trading of their products. In the event that a liquidity provider defaults or ceases to fulfill its role, investors may not be able to buy or sell the product until a new liquidity provider has been assigned.

Margin: Investing on margin involves the extension of credit to you and your financial exposure could exceed the value of your securities. Margin lending has specific risks outlined in the Margin Risk Disclosure document. Considerations include:

- **You can lose more funds than you deposited in the margin account.** A decline in the value of securities that are purchased on margin may require you to deposit additional funds into your account in order to avoid the forced sale of those securities or other securities in your account.
- **If you are unable to cover a margin call by providing additional funds to your account,** the Agent may force the sale of securities in your account, without contacting you prior to a sale. The Agent may decide which securities to sell in order to meet the maintenance requirements without advanced notice to you.
- **Margin maintenance requirements may be increased at any time without advanced written notice.**
- **You may not be granted an extension of time in which to meet a margin call.**



## Item 9: Disciplinary Information

---

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of AMUNI or the integrity of AMUNI management. AMUNI currently is not involved in any litigation, formal investigation or administrative proceedings.

## Item 10: Other Financial Industry Activities & Affiliations

---

AMUNI is also in the business of a general securities Broker Dealer registered with Securities and Exchange Commission, Financial Industry Regulatory Authority, Municipal Securities Rulemaking Board, and various state regulatory agencies. In this capacity, AMUNI is involved in the sale of various types of securities, including, but not limited to, stocks, bonds, and mutual funds, as well as participation in municipal bond underwritings. AMUNI is also a licensed insurance agency. Insurance products will not be offered to clients unless the person(s) is appropriately licensed to sell insurance products in the applicable jurisdiction. **AMUNI's advisors are licensed as insurance agents with an affiliated insurance agency.** AMUNI and/or its advisors receive commissions, concessions, bonuses, or other compensation based on the sale of insurance products. AMUNI and/or its advisors have an incentive to recommend insurance products offered by the affiliated insurance company. This compensation arrangement presents conflicts of interest and creates an incentive for AMUNI and/or its advisors to recommend insurance products based on the compensation received. Variable products, such as variable annuities, will be offered through the Broker Dealer. Non-variable products will be offered through the affiliated insurance company.

For wrap fee programs discussed in this brochure, First Clearing serves as the clearing broker, and AMUNI will use First Clearing to process the trades in your advisory account. First Clearing also processes the broker-dealer transactions for AMUNI and provides discounted rates and other benefits based on trading volume. This creates a potential conflict of interest and could influence AMUNI to recommend First Clearing when other brokers offer better execution. To ensure that you are receiving best execution, AMUNI compares trades executed at First Clearing to the national average for price and execution speed.

## Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

---

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



Advisors of AMUNI may buy or sell securities that are recommended to clients. AMUNI's employees and persons associated with AMUNI are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of AMUNI and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for AMUNI's clients. **The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of AMUNI will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.** Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of **AMUNI's clients. In addition, the Code requires pre-approval of many transactions, and restricts trading in close proximity to client trading activity.** Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between AMUNI and its clients.

On occasion, an employee of AMUNI will purchase for his or her account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding trading **and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Chief Compliance Officer or their appropriately licensed designee. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit.**

A copy of our Code of Ethics is available to any client, or prospective client, upon request.

## Item 12: Brokerage Practices

---

AMUNI is also registered as a broker dealer and may recommend AMUNI broker-dealer services **to clients that have or are utilizing AMUNI's advisory services. In this capacity, AMUNI** will be compensated with fees or commissions. Furthermore, as mentioned in Item 10 above, AMUNI will act as the introducing broker for wrap programs mentioned in this brochure, and First Clearing will serve as the clearing broker. For broker-dealer services, AMUNI or its associated persons receive compensation, which is separate and distinct from compensation related to its investment advisory services.

AMUNI recommends the brokerage and custodial services of First Clearing. First Clearing is a registered broker-dealer that charges brokerage commissions or transaction fees for effecting securities transactions. As the custodian holding an account, First Clearing does not generally charge separately for custody services. They are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed, which are included when wrap fees are charged. When selecting a custodian to recommend, a number of factors were considered, including their historical relationship with AMUNI, financial strength, reputation, execution capabilities, pricing and services offered.



First Clearing makes products and services available to AMUNI that benefit AMUNI but may **not directly benefit its clients' accounts**. Many of these products and services are used to service all or a substantial number of AMUNI accounts. Some of these products and services provided includes software and other technology that provides access to client account data (such as trade confirmations and account statements); provides research, pricing and other **market data; facilitates payment of fees from clients' accounts**; and assists with back-office functions, recordkeeping and client reporting. These products and services are known as “soft dollar benefits.” If First Clearing did not provide soft dollar benefits, AMUNI would have to pay for these products and services. As a result of these services provided, commissions may be higher than those charged by other broker-dealers. These soft dollar benefits are used to service all client accounts; they are not used exclusively for the accounts that generated the soft dollar benefits. There is no effort to allocate soft dollar benefits to clients in proportion to the amount of soft dollar benefits generated by each client.

First Clearing provides AMUNI with discounted rates and other benefits based on trading volume. Notwithstanding such additional compensation, however, AMUNI strives to serve the best interest of the client. AMUNI clients are free to implement advisory recommendations through any firm.

There is no obligation to effect transactions through AMUNI. AMUNI does not warrant or represent that commissions for transactions implemented through AMUNI will be lower than commissions available if clients use another brokerage firm. AMUNI believes, however, that the overall level of services and support provided to clients by AMUNI outweighs the potentially lower transaction cost available under other brokerage arrangements.

If requested, AMUNI will allow clients to select the broker-dealer to execute transactions. In this case, each client selects a broker-dealer based on factors important to them. Clients will negotiate the terms and arrangements with their broker-dealer of choice, and transactions are directed to the specified broker-dealer. AMUNI will not be in a position to seek better execution services or prices from other broker-dealers. By directing brokerage, AMUNI may not be able to achieve the most favorable execution of client transactions and this practice may cost clients more money.

## Item 13: Review of Accounts

---

When you open an Advisory Account, your investment objectives and strategy are reviewed for **consistency with each Program's guidelines**. Thereafter, your Accounts will be reviewed annually. We examine adherence to criteria and Program guidelines on security selection, concentration, diversification, activity and certain restrictions that may apply. We review these guidelines periodically and can modify them without notice.

For advisory accounts that are sponsored by WFCS (FundSource, Personalized UMA and Customized Portfolios) your account will be periodically reviewed, annually at a minimum, by your financial adviser to determine whether the securities or asset allocation in the account is suitable for the account based on the information you have provided AMUNI. The CCO (or appropriately licensed designee) will periodically review the transactions in your advisory account.



Accounts are supervised continuously by the CCO of AMUNI who is assisted by various data processing software solutions and supervisory reports. For all advisory accounts and programs sponsored by AMUNI, your FA is involved in a continuous and on-going monitoring of your accounts to ensure that each security or asset allocation is suitable for the account based on the information you provided us.

We will provide you a web login that will give you access to periodic portfolio monitoring services, which may include a statistical presentation of the performance of your Account(s), based on the information on our records, and ongoing comparisons with selected industry indices or benchmarks. Normally, the periodic portfolio monitoring report is calculated based on the activity of the Account since its inception in our Program.

We will provide you with written copies of the following: (a) trade confirmations reflecting all transactions in securities, and (b) a statement of Account activity at least quarterly. We may for FA-Directed Programs, however, furnish periodic statements of Account activity in lieu of transaction-by-transaction confirmations to the extent permitted by Rule 10b-10 under the Exchange Act. You can opt into receiving emailed copies of the above.

## Item 14: Client Referrals and Other Compensation

---

AMUNI does not engage the services of outside solicitors. Additionally, the Firm does not accept any form of compensation or sell, purchase or receive any other products or services as a result of any client referral. If your AMUNI IAR refers you to another AMUNI IAR for investment advisory services, both IARs may share in the wrap fees paid by the account, in such proportions as they shall agree. AMUNI may also compensate other associates for referrals to our advisory programs. This compensation is generally in the form of a percentage of wrap fees paid by the account, and the details of such arrangements will be disclosed at the time of such referrals.

As mentioned in Item 5 above, AMUNI receives fees on cash balances invested in the bank sweep vehicles. This arrangement could create a conflict of interest whereas an adviser may be incentivized to leave a cash balance in an account allowing the firm to potentially receive the advisory fee as well as a fee on the cash balance invested in the bank sweep program. Amuni monitors this potential conflict by monitoring the amount of cash held in non-client directed advisory accounts.

General Promotional Activities. Marketing representatives of mutual fund companies, who are **often referred to as “wholesalers,”** educate AMUNI financial advisors and their branch office managers about their products. Consistent with applicable laws and regulations, these product representatives will pay for or provide training and educational programs for AMUNI financial advisors and their existing and prospective clients. These companies will also pay for due diligence meetings, conferences, client relationship building events, occasional recreational activities and other events or activities that are intended to result in the education of and familiarity with their products. This arrangement could create a conflict of interest whereas an adviser may be incentivized to use products from the firms that provide these training and educational programs. AMUNI monitors this potential conflict by requiring CCO, or **appropriately licensed supervisor, approval of any promotional activities in which the firm’s advisers participate.**



As mentioned in Items 10 and 12 above, First Clearing provides AMUNI with discounted fees and other benefits based on trading volume. Increases in the number of accounts, amount of assets, or number of transactions processed through First Clearing will, at certain levels, help AMUNI meet its monthly minimum clearing fees. This will be an economic benefit to AMUNI, even if no additional commissions are charged.

## **Item 15: Custody**

---

AMUNI has constructive custody of client funds and securities due to the ability to deduct advisory fees from accounts. WFCS serves as your qualified custodian. WFCS will send you quarterly statements and in certain circumstances where warranted, monthly statements. All management fees are deducted by WFCS from your account with your written permission.

## **Item 16: Investment Discretion**

---

AMUNI typically acts in a non-discretionary capacity. If discretionary authority is granted to select the identity and amount of securities to be bought or sold, clients must authorize such discretion in writing in the advisory agreement. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, AMUNI observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to AMUNI writing.

## **Item 17: Voting Client Securities**

---

Clients receive their proxies and other solicitations directly from the Clearing Agent. AMUNI will not vote or accept authority to vote proxies for clients.

Proxies for Outside Money Managers are voted on according to the signed agreement you make with the Manager of choice in the Private Advisor Network program. Client authorization is required allowing the adviser to vote the shares for Outside Money Managers type accounts. Please see the WFCS disclosure brochure for detailed information on the proxy voting policies for applicable advisory programs. For mutual funds, the investment company management will vote according to their adopted proxy voting policies and guidelines and will vote the proxies on the underlying securities in the fund.

Clients may contact AMUNI by phone or email with questions relating to proxy procedures and proposals; however, AMUNI generally does not research particular proxy proposals.



## Item 18: Financial Information

---

As a registered investment adviser, AMUNI is required to provide you with certain financial information or disclosures about AMUNI's financial condition. AMUNI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. AMUNI neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance.