

Petersen Hastings Investment Management, Inc.
ADV Part 2A Brochure

Item 1 – Cover Page

Petersen Hastings Investment Management, Inc.

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www.PetersenHastings.com

December 10, 2021

This Brochure provides information about the qualifications and business practices of Petersen Hastings Investment Management, Inc. “Petersen Hastings.” If you have any questions about the contents of this Brochure, please contact us at (509) 735-0484 and/or Info@PetersenHastings.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Petersen Hastings registered with the SEC as an investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications we provide is for you to determine whether to hire or retain Petersen Hastings as your investment adviser.

Additional information about Petersen Hastings also is available on the SEC’s website at www.adviserinfo.sec.gov.

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Item 2 – Material Changes

This Brochure is required to be updated at least annually or sooner when material changes to our business take place. In this regard, each year we will deliver to you, by no later than April 30th, either (i) a free updated Brochure that includes a summary of material changes to our business, or (ii) a summary of material changes accompanied by our offer to provide a free copy of our updated Brochure and directions regarding how you may obtain it.

Since our last Brochure dated March 10, 2021, we have had the following material changes to our business. Most recently, in November of 2021, we launched a new service line called ‘GrowWealth Digital Strategies’ to assist those prospects and clients with lower asset balances to be able to access a low cost and limited service financial solution to help them have access to investment options. This new service line is classified as ‘Managed Accounts without Financial Planning’ as it relates to this Brochure. Additionally, in July 2021, Petersen Hastings updated its fee schedule for ‘Managed Accounts with Financial Planning’ which can be found in ‘Item 5 – Fees and Compensation’ of this Brochure. You may request a free copy of our updated Brochure by contacting Matthew Petersen, Chief Compliance Officer at (509) 735-0484 or Info@PetersenHastings.com. This Brochure is also available on our web site www.PetersenHastings.com, free of charge.

Additional information about Petersen Hastings is available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Petersen Hastings who are registered as investment adviser representatives of our firm.

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Item 4 – Advisory Business

Firm Description

Petersen Hastings Investment Management, Inc. (“Petersen Hastings,” “we,” “us,” “our”) was incorporated in 1962. We began managing investments for Qualified Retirement Plans in 1976 and registered with the SEC as an investment adviser in 1983.

Principal Owners

Petersen Hastings has no individual and/or entity with greater than 25% ownership of the company. All current ownership is employed by Petersen Hastings and are as follows: Scott A. Sarber, Blaine A. Carr, Matthew J. Petersen, Matthew L. Neff, Josh J. Chittenden, Diane E. Gaines, and Donna J. Yakawich.

Types of Advisory Services

Petersen Hastings provides investment management services on a fee-only discretionary basis to individuals, pension and profit sharing plans, trusts, charitable organizations, and other institutions. In addition to investment management, we offer investment consultation, financial planning, retirement plan consulting services, and trust administration services.

We develop personalized investment portfolio recommendations by taking into account your personal circumstances, long-term goals, assets, financial objectives, time horizon, and risk tolerance. When we select investments for your portfolio, safety of principal and an adequate return are important considerations, in addition to transaction fees, expense ratios, management style, and investment philosophy of the investment. Clients may impose reasonable restrictions on the management of their accounts.

Assets Under Management

As of September 30, 2021, the Adviser’s total assets under management are as follows:

Discretionary Clients = \$951,038,978.35

Non-Discretionary Clients = \$0

Item 5 – Fees and Compensation

The specific manner in which fees are assessed is established in our Investment Advisory Agreement with you.

Fee Schedule

Petersen Hastings provides investment management services, according to the following account categories, for a fee calculated as a percentage of account assets under management.

Managed Accounts with Financial Planning

Portfolio Value	Quarterly Rate	Annualized Rate
First \$500,000	0.3000%	1.20%
Next \$1,500,000	0.2000%	0.80%
Next \$3,000,000	0.1500%	0.60%

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Managed Accounts with Financial Planning (*continued*)

<u>Portfolio Value</u>	<u>Quarterly Rate</u>	<u>Annualized Rate</u>
Next \$15,000,000	0.1000%	0.40%
Next \$30,000,000	0.0750%	0.30%
Above \$50,000,000	0.0500%	0.20%
Minimum Fee	\$500.00	\$2,000.00

Managed Accounts without Financial Planning

<u>Portfolio Value</u>	<u>Monthly Rate</u>	<u>Annualized Rate</u>
Above \$5.00	0.0417%	0.50%
Minimum Fee	\$1.00	\$12.00

Retirement Plan and Charitable Foundation Accounts

<u>Portfolio Value</u>	<u>Quarterly Rate</u>	<u>Annualized Rate</u>
First \$5,000,000	0.2000%	0.80%
Next \$5,000,000	0.1000%	0.40%
Next \$40,000,000	0.0750%	0.30%
Next \$50,000,000	0.0500%	0.20%
Above \$100,000,000	0.0375%	0.15%
Minimum Fee	\$250.00	\$1,000.00

Hourly Rates

Periodically, for advisory situations when time and resources cannot be clearly determined upfront, an hourly fee arrangement may be available. The hourly rates are \$250 for advisors and \$100 for staff. Hourly charges will continue only for necessary work beyond the initial notification date.

Sub-Contractors

We contract with BAM Advisor Services, LLC ("BAM") to provide sub-advisory services to certain clients' fixed income accounts. Sub-advisory services provided by BAM include portfolio monitoring and trading services for fixed income accounts and client web-assistance services. The sub-advisory fee charged by BAM is in addition to our fee. BAM's fee (not exceeding an annualized 0.20%) is based on the market value of the portion of the client's account(s) monitored by BAM.

Fee Billing

Our investment fees typically are based upon market values of all managed assets in your account(s) on the last day of each calendar month (for Managed Accounts without Financial Planning) or quarter (for all other accounts). Fees are billed monthly or quarterly, as applicable,

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and payable in advance for the applicable time period of services rendered. Management fees shall not be pro-rated for each capital contribution and withdrawal made during the applicable calendar month or quarter. You may elect to have our fees billed directly or authorize us to directly debit this fee from your account(s). If there is no ready market for an asset that is under our management, rendering it illiquid, then said asset will be excluded from our management fee. By excluding this asset from our management fee, the assigned value will be reliant on the issuer. Clients will receive a statement from their custodian at least quarterly indicating all transactions in their accounts, including the deduction of our advisory fee. Clients are encouraged to carefully review the advisory fee deducted from their accounts, as the custodian will not, and to report any issues promptly. Our fees may be negotiated in certain circumstances.

Other Fees

Our fees are exclusive of brokerage commissions, transaction fees, and other investment related costs and expenses. Some of these additional costs are described below. Please contact us for information about specific fee amounts charged by the financial institutions listed below.

TD Ameritrade Institutional (a division of TD Ameritrade) – Charges a flat annual maintenance fee on a quarterly basis. Omnibus trading charges are set by TD Ameritrade and allocated to client accounts based on the average month end account balances for the prior quarter. The total charges for the annual maintenance fee and the Omnibus trading fees are subject to annual minimum and maximums. TD Ameritrade charges a flat fee per transaction for equity securities. TD Ameritrade charges a percentage of the principal amount for bonds. Non-standard assets held in a TD Ameritrade account are subject to a flat annual fee. Bonds at TD Ameritrade receive wholesale pricing if purchased through BAM and are subject to an additional trade away flat fee on a per transaction basis.

Matrix Trust Company – Matrix Trust Company charges an annual asset based fee, subject to a minimum annual fee, to cover all mutual fund trades. This rate can be adjusted downward in some circumstances.

Alerus Financial, N.A. – Alerus charges an annual asset based fee, subject to a minimum annual fee, to cover its services as a custodian and record keeper including mutual fund trading. This rate can be adjusted downward in some circumstances.

Charles Schwab – Charges a percentage fee, with maximum, per mutual fund trade. For equity securities, Charles Schwab charges a flat fee per transaction. Charles Schwab Institutional funds trade at no cost. Bonds at Charles Schwab receive wholesale pricing if purchased through BAM and are subject to a trade away flat fee on a per transaction basis.

National Advisors Trust Company – National Advisors Trust Company charges an annual tiered asset based fee. Additional transaction costs are charged to cover all mutual fund trades.

You may also incur certain other charges imposed by custodians, brokers, third party investments and other third parties, including managerial fees, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds (“ETFs”) also charge their own fees and expenses, which are disclosed in the applicable fund’s prospectus.

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Such charges, fees and commissions are in addition to our fee. We do not receive any portion of these commissions, fees, and costs.

Termination of the Advisory Agreement

For Managed Accounts with Financial Planning, if the Investment Advisory Agreement is terminated and the date of the termination is after the first day of any calendar quarter, the fee for such partial calendar quarter may be pro-rated based on a 90-day quarter and promptly refunded to you. For Managed Accounts without Financial Planning, if the Investment Advisory Agreement is terminated and the date of the termination is after the first day of any calendar month, the fee for such partial calendar month will not be pro-rated and refunded to you.

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

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the client's assets).

Item 7 – Types of Clients

We provide portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable organizations, corporations, trusts, and other types of U.S. businesses.

We generally require a minimum account size of \$50,000 for new clients with financial planning services. There are no such minimum account sizes for new clients without financial planning services. Our minimum account fees are set forth above in Item 5. We may waive account minimums in certain circumstances.

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

Methods of Analysis

Petersen Hastings employs a wide range of methods to manage portfolios and evaluate investments. We use academic research when making investment decisions. We primarily utilize an investment approach based on Modern Portfolio Theory. Modern Portfolio Theory refers to the process of reducing risk in a portfolio through systematic diversification across asset classes and within those particular asset classes. We adhere to the passive style of investing and, thus, recommend indexed and passive mutual funds. We generally do not recommend individual stocks or bonds in our asset allocation strategies and portfolio recommendations to clients. Keeping client's investment fees, expenses, and taxes under control are a top priority in our investment strategy.

We analyze mutual funds recommended to clients based on a fund's total operating expense ratio, portfolio turnover, investment objective, and investment restrictions and limitations. We typically recommend that clients invest in no-load funds, such as those managed by Dimensional Fund Advisors ("DFA") or Vanguard, that have low operating expenses, low portfolio turnover, below average capital gains distributions, and a fundamental investment objective of investing primarily in a particular asset class. DFA funds generally are available for investment only by clients of registered investment advisers, and all investments are subject to approval of the adviser. This

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means that you may not be able to make additional investments in DFA funds if you terminate your agreement with us, except through another adviser authorized by DFA.

When choosing investments, we analyze the following criteria:

- Whether the investment's performance closely tracks the desired asset classes.
- Whether the total internal investment expenses are reasonable (internal expenses include management fees, administrative expense, 12(b)1 fees, transaction, and estimated trading costs).
- Whether investment providers have a reasonable experience record, employ a qualified management team, embrace a highly disciplined investment philosophy, provide adequate information, and meet the custodial requirement to trade and hold.
- Whether the investment is "no-load." (We prefer no-load investments over those that charge commissions or sales charges.)

We routinely monitor the universe of investment vehicles through our Investment Committee. When alternative or superior investment funds become available, existing investments may be replaced.

Principal Investment Strategies

Asset allocation models recommended to clients typically are set forth in each client's Investment Policy Statement. We primarily recommend low cost mutual funds because they can provide a diversified portfolio that is designed to limit the impact of large fluctuations in values of individual stocks and bonds. Mutual funds do not offer protection from market volatility. At times, different funds may be recommended to improve current client portfolios. Upon the request of a client, we may provide a limited review of client assets for which we do not have discretionary authority in the context of the overall plan. We invest for the long-term and do not engage in market timing.

We generally do not recommend individual stocks or bonds, but certain exceptions may be made in cases where the stocks or bonds were obtained before becoming a client or are requested by the client. We monitor individual stock exposure in the overall portfolio.

We may give advice and take action with respect to other clients that is different from the advice, timing, and nature of action taken with respect to your account. Timing, allocation, and types of investments are determined as part of each client's overall financial plan.

We believe in diversified asset class exposure obtained primarily through a diversified mix of low cost mutual funds that represent desired asset classes. The mutual funds and ETFs that we recommend typically invest in some or all of the following types of securities:

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Primary Asset Classes

Equity Investments

Sub-Asset Classes

US Large Capitalization Stocks
US Small Capitalization Stocks
International Large Capitalization Stocks
International Small Capitalization Stocks
Emerging Market Large Capitalization Stocks
Emerging Market Small Capitalization Stocks
Real Estate Investment Trusts (“REITs”)

Fixed Income Investments

US Corporate Bonds
US Government Bonds
Global Bonds
Inflation Protected Bonds
Mortgage Backed Securities
Certificates of Deposit
Tax-free Municipal Bonds
Stable Value Funds
Money Markets

Principal Risks

Investing in securities involves risk of loss that clients should be prepared to bear. Petersen Hastings cannot guarantee that it will achieve a client’s investment objective. Client’s returns will fluctuate, and you may lose money. Below are some more specific risks of investing:

- **Market Risk.** The prices of securities held by mutual funds in which clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by a mutual fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.
- **Management Risk.** Our investment approach may fail to produce the intended results. If our perception of the performance of a specific asset class or fund is not realized in the expected time frame, the overall performance of the client’s portfolio may suffer.
- **Equity Risk.** Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the client’s overall portfolio. Small and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.

- **Fixed Income Risk.** The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.
- **Investment Companies Risk.** We recommend open-end mutual funds and ETFs to implement a client's portfolio. These underlying funds may, in turn, invest in a broad range of equity and fixed income securities, including foreign securities and securities of issuers located in emerging markets. Underlying funds may also invest in equity securities of any market capitalization including micro-, small- and mid-cap companies, real estate, commodities-related assets, fixed income securities of any maturity or credit quality, including high-yield, high-risk debt securities, and they may engage in leveraged or derivative transactions. We have no control over the investment strategies, policies or decisions of the underlying funds and, in the event of dissatisfaction with such a fund, our only option would be to liquidate clients' investments in that fund.
- **REIT Risk.** To the extent that a client invests in REITs, it is subject to risks generally associated with investing in real estate, such as (i) possible declines in the value of real estate, (ii) adverse general and local economic conditions, (iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility. REITs lacking a ready market, therefore creating illiquidity, are priced at a value provided by the issuer, and due to this, we do not recommend such illiquid investments.
- **Foreign Securities Risk.** Funds in which clients invest may purchase in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

Item 9 – Disciplinary Information

Investment advisers are required to disclose all material legal or disciplinary events relevant to your evaluation of our firm or the integrity of our management. We have no information to disclose applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

The Zero Alpha Group

In September of 2000, Petersen Hastings became a member/owner of The Zero Alpha Group, LLC (“ZAG”), along with seven other registered investment advisers. ZAG openly advocates a 100% passive investment strategy. Group members share investment information, strategic plans, financial data, marketing brochures, software, and research related to passive investment management. Personal client information is never shared with other ZAG members. ZAG members are geographically dispersed across the globe.

Petersen Hastings Private Trust

Petersen Hastings Private Trust is a Trust Representative Office of National Advisors Trust Company (NATC), an independent, federally chartered savings bank that provides trust and custodial services. The name “Petersen Hastings Private Trust” is used pursuant to an agreement between Petersen Hastings and National Advisors Trust. To the extent a client determines to retain Petersen Hastings, the client will enter into a separate and distinct agreement with NATC for trust administration, distribution and custodial services and will pay a separate fee for such services. Any trust administration fees are in addition to the advisory fees paid for advisory services. Such trust administration fees are paid directly to NATC by the client, and Petersen Hastings does not share in these fees. NATC, one of the largest independent trust companies in the country, is owned by a diversified group of independent registered investment advisers. Petersen Hastings has a small ownership stake in National Advisors Holdings, parent company of NATC, which is the owner of Petersen Hastings Private Trust.

Item 11 – Code of Ethics

Code of Ethics

We have adopted a Code of Ethics for all our supervised persons pursuant to Section 204A-1 of the Investment Adviser Act of 1940, as amended (the “Advisers Act”). The Code of Ethics includes provisions relating to the confidentiality of client information, prohibition on insider trading, and rumor mongering, restrictions and disclosure on the giving or acceptance of significant gifts, and personal securities trading procedures. Our supervised persons must report certain personal securities transactions and also must review and acknowledge the terms of the Code of Ethics at least annually. You may obtain a copy of our Code of Ethics, free of charge, by contacting Matthew Petersen.

Participation or Interest in Client Transactions

Petersen Hastings generally does not recommend investments to clients in which Petersen Hastings or any of its principals has a financial interest. Prior to proposing any such investment to a client, Petersen Hastings or its related person shall disclose any participation or interest in the transaction to the client and obtain the approval of Petersen Hastings’ Chief Compliance Officer in advance.

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No person associated with Petersen Hastings may prefer their own interest to that of an advisory client.

Personal Trading

Our employees and persons associated with us are subject to our Code of Ethics and must report their personal securities transactions to our Chief Compliance Officer for periodic review to the extent required under the Advisers Act. Our supervised persons may trade securities in their own accounts which are recommended to and/or purchased for clients. In addition, our Code of Ethics requires pre-clearance of many transactions, and restricts trading in close proximity to your trading activity. Petersen Hastings has also adopted an Insider Trading Policy that prohibits its investment advisory representatives from trading on material non-public information.

Item 12 – Brokerage Practices

Brokerage Recommendations

We may suggest that you establish custodial and/or brokerage accounts with certain custodians and/or brokerage firms. We typically recommend TD Ameritrade and Charles Schwab as custodian for client funds and securities, as well as TD Ameritrade Trust and Charles Schwab for ERISA plans, however, the selection of a custodian and/or brokerage firm is at your discretion.

Petersen Hastings does not permit clients to direct brokerage with the assets we manage.

Best Execution

As a fiduciary, Petersen Hastings has an obligation to obtain best execution of advisory clients' transactions under the circumstances of the particular transaction. However, "best execution" does not always mean the best price. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction if we determine, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness.

Petersen Hastings seeks to execute client transactions in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances. We have evaluated the full range of custodial and brokerage services provided by TD Ameritrade, TD Ameritrade Trust, and Charles Schwab applicable to its client transactions, primarily mutual funds, and ETF purchases and redemptions. These brokerage services include access to low cost, institutional funds, capital strength and financial stability, reliable and accurate communications, settlement processing, advanced use of automation, and good administrative capability. We consider these brokers to have reliable execution capabilities, relative to other comparable brokers. Based on these factors and our knowledge of the securities industry, Petersen Hastings believes that the commission rates of the recommended custodian and/or brokerage firm are competitive within the securities industry and that these broker-dealers provide the best price and execution to its clients compared to other broker-dealers that offer institutional advisory platforms. If a client establishes a brokerage/custodial account with any of these broker-dealers, we will place all orders on behalf of a client's portfolio through that broker-dealer, even though such client potentially could obtain

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a more favorable net price and execution from another broker-dealer in particular transactions or from a discount broker in general.

Commission rates and securities transaction fees charged to place your transactions are established by the independent custodian and/or brokerage firm. While we believe the recommended broker-dealer's transaction rates to be competitive, transactions may not always be executed at the lowest available commission rate. Lower commissions or better execution may be achieved elsewhere, for example, by executing equity trades through so-called "discount brokers," although you would not receive the benefits of our investment advice.

We participate in TD Ameritrade's and Charles Schwab's institutional customer programs. TDA Institutional is a division of TD Ameritrade member FINRA/SIPC. TD Ameritrade and Charles Schwab are independent and unaffiliated SEC-registered broker-dealers. TD Ameritrade and Charles Schwab offer independent investment advisers services which include custody of securities, trade execution, and clearance and settlement of transactions. We receive some benefits from TD Ameritrade and Charles Schwab through our participation in their programs. (Please see the disclosure under Item 14 below.)

Order Aggregation

Certain accounts may trade in the same securities with your account(s) on an aggregated basis when consistent with our obligation of best execution. In such circumstances, these affiliated accounts and your account(s) will share commission costs equally and receive securities at a total average price. We will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

Item 13 – Review of Accounts

Reviews

Your account with us is established after your personal circumstances, investment objectives, and risk tolerances are determined. At an initial in-person meeting we typically review the asset classes and types of holdings with which you are comfortable, the need for liquidity, and the degree of investment discretion given to us. Periodically you are requested to update us with respect to any change in your investment objectives or financial circumstances.

Our Investment Committee periodically meets to review additions or deletions to its approved investment recommendations.

Every account will be reviewed at least quarterly by an investment adviser representative of Petersen Hastings. Additional reviews may be triggered by investment performance that deviates from the expected volatility or performance under current market conditions, or a broad-based change in the financial markets. Every account is reviewed for maintenance of appropriate cash balances and rebalancing on a bi-weekly basis as needed per the variance limits set by the Investment Committee, or by account allocation constraints or market conditions. Investment adviser representatives hold client meetings on a pre-scheduled and/or as needed basis.

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Each Investment adviser representative may manage individual account clients and/or ERISA clients. The average number of individual account clients managed by an investment adviser representative is 70 while ERISA clients is 6.

Reports

We provide you with quarterly financial reports detailing security values, cash accounts, and performance statistics. Transactions are provided to you, on at least a quarterly basis, on the custodian account statements. More frequent reporting is available on a fee basis and special reports are available upon your request.

Item 14 – Client Referrals and Other Compensation

We do not currently, but may in the future, compensate people or firms for providing referrals to us.

We emphasize a "team approach" when providing investment advisory services to you. If you request or if we believe legal, accounting, or insurance services will benefit your financial plan, we will recommend an independent attorney, accountant, or insurance agent. We do not pay for client referrals or enter into arrangements with other professionals for client referrals. However, there may be a conflict of interest if we receive referrals from professionals that we have recommended. We will only refer outside professionals to you when we believe these services best suit your needs.

As disclosed under Item 12 above, we participate in TD Ameritrade's and Charles Schwab's Institutional advisor program and we may recommend them to clients for custody and brokerage services. There is no direct link between our participation in these programs and the investment advice we give to you, although we receive economic benefits through our participation in these programs that are typically not available to TD Ameritrade or Charles Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate copies of your statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to your account(s)); the ability to have advisory fees deducted directly from your account(s); 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 or Charles Schwab may also have paid for business consulting and professional services received by our employees. Some of the products and services made available by TD Ameritrade or Charles Schwab through the program may benefit our firm but may not benefit your account(s). These products or services may assist us in managing and administering your account(s), including accounts not maintained at TD Ameritrade or Charles Schwab. Other services made available by TD Ameritrade or Charles Schwab are intended to help us manage and further develop our business enterprise. The benefits received by us or our employees through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade or Charles Schwab. As part of our fiduciary duty to you, we attempt at all times to put your interests first. You should be aware, however, that the receipt of economic benefits by us or our employees in and of itself

creates a potential conflict of interest and may indirectly influence our recommendation of TD Ameritrade or Charles Schwab for custody and brokerage services.

Petersen Hastings is a shareholder of National Advisor Holdings, Inc. (NAH), a Delaware corporation organized in August of 1999. Petersen Hastings holds less than 1.0% in the aggregate of the outstanding stock of NAH. NAH has chartered an institution through the Office of Thrift Supervision known as National Advisers Trust Company (NATC). NATC provides custody, banking, and trust services to clients of registered investment advisory firms, such as Petersen Hastings, across the United States. Because Petersen Hastings has an interest in NAH, and therefore indirectly has an interest in NATC, a *conflict of interest* is present because Petersen Hastings could have an economic incentive to recommend NATC's services. Petersen Hastings may, and does, recommend NATC to certain clients for custody and trustee when Petersen Hastings believes NATC's services may be appropriate for those clients. No client is under any obligation to use NATC's services.

Petersen Hastings, ("Advisor") and The Lampo Group, LLC (d/b/a Ramsey Solutions), ("Solicitor") have entered into a Solicitor's Agreement pursuant to which The Lampo Group, LLC will receive 0% of the advisory fees received by Petersen Hastings from your account(s). The Lampo Group, LLC will be compensated a total of \$749.00 monthly by Petersen Hastings for the services related to the "SmartVestor Pro" program, of which is the total monthly cost of the program and not the cost per solicited client. The total cost of services provided by The Lampo Group, LLC are billed in full to Petersen Hastings, and they are not related to any individual cost incurred by the client. No cost will be added to the advisory fees to be paid for Petersen Hastings' services as a result of the compensation to be paid to The Lampo Group, LLC, and the investment advisory fees shall be the same as those charged to other clients of Petersen Hastings for similar services. The Lampo Group, LLC is not an investment adviser, employee, or agent of Petersen Hastings, is not otherwise affiliated with Petersen Hastings and is not authorized to bind or obligate Petersen Hastings in any way.

Item 15 – Custody

Petersen Hastings does not maintain physical custody of client assets. You will receive statements on at least a quarterly basis from the custodian that holds and maintains your investment assets. We urge you to carefully review such statements and compare their official custodial records to the reports provided by us and report any issues promptly. Our statements may vary from the custodial or brokerage statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Discretionary Authority for Trading

Pursuant to the terms of their Investment Advisory Agreement with us, clients typically grant Petersen Hastings discretionary authority over their accounts to determine the securities to be bought and sold, to place trades, to negotiate transaction costs on their behalf, where possible, and to periodically rebalance the clients' accounts back to the recommended allocations. Petersen Hastings has no obligation to supervise or direct investments held in client accounts that were not recommended, or that are not subject to review, by Petersen Hastings for a fee.

Petersen Hastings Investment Management, Inc.

ADV Part 2A Brochure

We observe your investment policies, limitations, and restrictions when selecting securities and determining amounts to allocate to these securities. For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Any investment restrictions you wish to impose on our management of your account must be provided to us in writing.

Limited Power of Attorney

Petersen Hastings will assist clients in opening an account with an independent custodian or broker-dealer or directly with a mutual fund company. Clients are required to grant a “Limited Power of Attorney” over their respective custodial accounts to Petersen Hastings for purposes of trading and fee deduction. Clients grant this authority in the brokerage account applications.

Item 17 – Voting Client Securities

We vote all proxies relating to securities held in your account(s) with respect to which we have discretionary authority, including ERISA clients, unless otherwise directed by you. Pursuant to proxy voting guidance adopted by us, all proxies are voted in a manner that is consistent with your best interests. You may obtain a copy of our complete proxy voting policies and procedures, free of charge, upon request. You may also obtain information from us about how we voted any proxies on behalf of your account(s).

Item 18 – Financial Information

We are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual obligations to you.

Item 19 – Requirements for State-Registered Advisers

Because Petersen Hastings is a federally registered investment adviser, this Item is not applicable.