

**Item 1: Cover Page  
Part 2A of Form ADV: Firm Brochure  
February 2021**



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Sioux Falls, South Dakota, 57108**

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This brochure provides information about the qualifications and business practices of Aspen Private Advisors, LLC. If clients have any questions about the contents of this brochure, please contact us at 605-951-9620. 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 our firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #297639.

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

## Item 2: Material Changes

Aspen Private Advisors, LLC is required to make clients aware of information that has changed since the last annual update to the Firm Brochure ("Brochure") and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

- Safeguards have been put in place during 2020 to mitigate the uncertainty and potential negative financial impact of the economic environment and Covid-19.
- As noted above and previously disclosed in item 18 of this brochure, our firm had applied and obtained a Small Business Administration loan through the Payroll Protection Program established under the Coronavirus Aid, Relief and Economic Security Act. Since then, the loan has been fully forgiven and as such is no longer disclosed in item 18 of this brochure.
- Please see item 10 and item 14 of this brochure for additional information about our firms activities as a solicitor.
- Please see item 10 of this brochure for additional information regarding our firms Financial Industry Affiliates.

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## Item 4: Advisory Business

Our firm is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed under the laws of the State of South Dakota in 2015 and has been in business as an investment adviser since 2018. Our firm is indirectly owned by Todd Dathe (65%) and Jeremy Sorenson (35%) through their ownership of Aspen Holdings, LLC.

The purpose of this Brochure is to disclose the conflicts of interest associated with the investment transactions, compensation and any other matters related to investment decisions made by our firm or its representatives. As a fiduciary, it is our duty to always act in the client's best interest. This is accomplished in part by knowing our client. Our firm has established a service-oriented advisory practice with open lines of communication for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

### **Types of Advisory Services Offered**

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#### **Non-Wrap Asset Management for Held Away Accounts:**

As part of our Non-Wrap Asset Management services for held away Accounts. Our firm has entered into a service agreement with FeeX Inc. in order to be able to create a portfolio, consisting of the securities/investment opportunities made available by the plan sponsor. The client's individual investment strategy is tailored to their specific needs and may include some or all of the securities made available. Portfolios will be designed to meet a particular investment goal, determined to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced.

#### **Financial Planning & Consulting:**

Our firm provides a variety of standalone financial planning and consulting services to clients for the management of financial resources based upon an analysis of current situation, goals, and objectives. Financial planning services will typically involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, or Business and Personal Financial Planning.

Written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. Implementation of the recommendations will be at the discretion of the client. Our firm provides clients with a summary of their financial situation, and observations for financial planning engagements. Financial consultations are not typically accompanied by a written summary of observations and recommendations, as the process is less formal than the planning service. Assuming

that all the information and documents requested from the client are provided promptly, plans or consultations are typically completed within 6 months of the client signing a contract with our firm.

### **Retirement Plan Consulting:**

Our firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education. Retirement Plan Consulting services typically include:

- Establishing an Investment Policy Statement – Our firm will assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Options – Our firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Our firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring – Our firm will monitor the performance of the investments and notify the client in the event of over/underperformance and in times of market volatility.

In providing services for retirement plan consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, “Excluded Assets”). All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

### **Tailoring of Advisory Services**

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General investment advice will be offered to our Financial Planning & Consulting and Retirement Plan Consulting clients.

### **Participation in Wrap Fee Programs**

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Our firm offers and sponsors a wrap fee program. Asset Management and Comprehensive Portfolio Management services are only offered through wrapped accounts, which are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. Please see our Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”) for more information.

### **Regulatory Assets Under Management**

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Our firm manages \$132,298,137 on a discretionary basis and \$0 on a non-discretionary basis as of December 31, 2020.

## Item 5: Fees & Compensation

### Compensation for Our Advisory Services

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#### Financial Planning & Consulting:

Our firm charges on an hourly, flat or recurring fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. The maximum hourly fee to be charged will not exceed \$400. Flat fees will not exceed \$50,000. The fee-paying arrangements will be determined on a case-by-case basis and will be detailed in the signed consulting agreement. Our firm will not require a retainer exceeding \$500 when services cannot be rendered within 6 months.

#### Retirement Plan Consulting:

Our Retirement Plan Consulting services are billed on a fee based on the percentage of Plan assets under management. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. Fees will not exceed 1.00%. The fee-paying arrangements will be determined on a case-by-case basis and will be detailed in the signed consulting agreement.

#### Non-Wrap Asset Management For Held Away Accounts:

The maximum annual fee charged for this service will not exceed 0.90%. Fees to be assessed will be outlined in the advisory agreement executed by the Client. Annualized fees are billed on a pro-rata basis quarterly and in advance. During the first calendar year of service, the fees are based on the value of the account(s) on the first day of the month following the day the advisory agreement is executed. For the years following, the fee is based on the value of the account(s) on the first day of the year and adjusted annually thereafter. Fees are negotiable. APA will directly invoice clients through the AdvicePay platform. As part of this process, Clients understand the following:

- a) Client provides authorization permitting APA, to be directly paid by these terms; and
- b) AdvicePay, a third-party billing platform will provide clients with a quarterly invoice;
- c) APA will provide an annual notice, notifying the client of the fee adjustments based on the account value on the agreement's anniversary.

### Other Types of Fees & Expenses

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Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

Wrap clients will not incur transaction costs for trades by their chosen custodian. More information about this can be found in our separate Wrap Fee Program Brochure.

## **Termination & Refunds**

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Financial Planning & Consulting clients may terminate their agreement at any time before the delivery of a financial plan by providing written notice. For purposes of calculating refunds, Clients will receive a pro-rata refund of unearned fees based on the number of days remaining in the agreement upon termination.

Either party to a Retirement Plan Consulting Agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within 5 business days of signing an agreement. After 5 business days from initial signing, either party must provide the other party 30 days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

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

Our firm does not charge performance-based fees.

## **Item 7: Types of Clients & Account Requirements**

Our firm has the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, Limited Liability Companies and/or Other Business Types

Our firm limits non-Wrap asset management services to held away retirement accounts.

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

### **Methods of Analysis**

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Aspen Private Advisors utilizes various sources when researching and analyzing securities. These sources may include but are not limited to Morningstar, Riskalyze, various professional publications, financial news subscriptions, annual reports, prospectuses, and filings with the SEC.

Aspen Private Advisors may use one or more of the following methods of analysis and/or investment strategies when providing investment advice to you:

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

Some risks related to fundamental analysis:

- The price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.
- The information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value.
- Securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance

**Technical Analysis:** Studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

Some risks related to technical analysis:

- The analysts use subjective judgment to decide which pattern(s) are present at a given time and the appropriate interpretation of that pattern.
- Unexpected events can occur that rapidly alter the pattern

**Cyclical Analysis:** Statistical analysis of specific events occurring at a sufficient number of relatively predictable intervals that they can be forecasted into the future. Cyclical analysis asserts that cyclical forces drive price movements in the financial markets.

Some risks related to cyclical Analysis:

- Cycles may invert or disappear and there is no expectation that this type of analysis will identify the turning point of the cycle.
- Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions.
- The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

## **Investment Strategies We Use**

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Aspen Private Advisors believes in a long-term, balanced, disciplined approach to investing. This results in working with clients to develop and implement an asset allocation appropriate for them. Our investment recommendations may vary depending upon your specific financial situation. As such, we determine investments and allocations based upon your objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

The asset allocation strategy attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame. Asset allocation is based on the principle that different assets perform differently in different market and economic conditions. A fundamental justification for asset allocation is the notion that different asset classes offer returns that are not perfectly correlated, hence diversification reduces the overall risk in terms of the variability of returns for a given level of expected return.



An asset class is a group of economic resources sharing similar characteristics, such as riskiness and return. There are many types of assets that may or may not be included in an asset allocation strategy.

Asset classes typically recommended

- Stocks: publicly traded companies
- Bonds: corporate, municipal, US government, international government
- Cash or cash equivalents.

Alternative assets that may be considered

- Commodities: precious metals, nonferrous metals, agriculture, energy, etc.
- Real Estate: commercial, residential real estate, etc.
- Derivatives: long-short or market neutral strategies, options, futures, etc.
- Insurance products: annuity, personal life insurance, etc.
- Foreign currency
- Venture capital
- Private equity

Aspen Private Advisors typically utilizes mutual funds, exchange traded funds (ETFs), and cash equivalents to implement client asset allocations. From time to time, based on specific client situations, Aspen Private Advisors may recommend individual securities or products to achieve the asset allocation. Numerous studies have shown that a stable, disciplined investment approach with a long-term perspective tends to yield better long-term results than a rapid trading, market timing approach. Aspen Private Advisors general philosophy is that an asset allocation which is appropriate for a client does not require frequent trading and that emotional responses to financial markets can often harm the performance of client investments.

## Risks

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Given the range of investments in which a Client's assets may be invested, either directly or by investing in individual securities and/or through one or more mutual funds or ETFs, there is similarly a very wide range of risks to which a Client's assets may be exposed. The particular risks to which a specific Client might be exposed will depend on the specific investment strategies incorporated into that Client's portfolio. As such, for a detailed description of the material risks of investing in a particular product, the Client should, on or prior to investing, also refer to such product's prospectus or other offering materials.

Set forth below are some risks a client may be exposed to in connection with the investments typically utilized by Aspen Private Advisors

**ETF & Mutual Fund Risk:** When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses. While the risks of owning shares of an investment company generally reflect the risks of owning the underlying investments of the investment company, the portfolio may be subject to additional or different risks than if the portfolio had invested directly in the underlying investments. For example, the lack of liquidity in an ETF could result in its value being more volatile than the underlying portfolio securities.

Set forth below are some additional risks a client may be exposed to in connection with investment strategies utilized by Aspen Private Advisors:

**Absolute Return** – A portfolio that seeks to achieve an absolute return with reduced correlation to stock and bond markets may not achieve positive returns over short or long-term periods. Investment strategies that have historically been non-correlated or have demonstrated low correlations to one another or to stock and bond markets may become correlated at certain times and, as a result, may cease to function as anticipated over either short or long-term periods.

**Asset Allocation Risk** – The risk that an investment advisor's decisions regarding a portfolio's allocation to asset classes or underlying funds will not anticipate market trends successfully.

**Below Investment Grade Securities (Junk Bonds) Risk** – Fixed income securities rated below investment grade (junk bonds) involve greater risks of default or downgrade and are generally more volatile than investment grade securities because the prospect for repayment of principal and interest of many of these securities is speculative. Because these securities typically offer a higher rate of return to compensate investors for these risks, they are sometimes referred to as "high yield bonds," but there is no guarantee that an investment in these securities will result in a high rate of return. These risks may be increased in foreign and emerging markets.

**Corporate Fixed Income Securities Risk** – Corporate fixed income securities respond to economic developments, especially changes in interest rates, as well as to perceptions of the creditworthiness and business prospects of individual issuers.

**Credit Risk** – The risk that the issuer of a security, or the counterparty to a contract, will default or otherwise become unable to honor a financial obligation.

**Currency Risk** – As a result of investments in securities or other investments denominated in, and/or receiving revenues in, foreign currencies the risk that foreign currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency hedged. In either event, the dollar value of an investment in the portfolio would be adversely affected. To the extent that a portfolio takes active or passive positions in currencies it will be subject to the risk that currency exchange rates may fluctuate in response to, among other things, changes in interest rates, intervention (or failure to intervene) by U.S. or foreign governments, central banks or supranational entities, or by the imposition of currency controls or other political developments in the United States or abroad.

**Cybersecurity Risk** - Intentional cybersecurity breaches such as unauthorized access to systems, networks or devices, computer viruses or other malicious software code and other cyberattacks that shut down, disable, slow or otherwise disrupt business operations, processes or website access or functionality represent another risk for clients. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information. Such breaches could result in the loss or theft of customer data or funds, the inability to access electronic systems, loss or theft of proprietary information, physical damage to a computer or network system, or costs associated with system repairs.

**Duration Risk** – Longer-term securities in which a portfolio may invest tend to be more volatile than shorter term securities. A portfolio with a longer average portfolio duration is more sensitive to changes in interest rates than a portfolio with a shorter average portfolio duration.

**Equity Market Risk** – The risk that the market value of a security may move up and down, sometimes rapidly and unpredictably. Equity market risk may affect a single issuer, an industry, a sector or the equity or bond market as a whole.

**Extension Risk** – The risk that rising interest rates may extend the duration of a fixed income security, typically reducing the security's value.

**Fixed Income Market Risk** – The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions about the creditworthiness of individual issuers, including governments and their agencies. Generally, fixed income securities will decrease in value if interest rates rise and vice versa. In a low interest rate environment, risks associated with rising rates are heightened. Declines in dealer market-making capacity as a result of structural or regulatory changes could decrease liquidity and/or increase volatility in the fixed income markets. In the case of foreign securities, price fluctuations will reflect international economic and political events, as well as changes in currency valuations relative to the U.S. dollar. In response to these events, a portfolio's value may fluctuate and its liquidity may be impacted.

**Foreign Investment/Emerging Markets Risk** – The risk that non-U.S. securities may be subject to additional risks due to, among other things, political, social and economic developments abroad, currency movements and different legal, regulatory and tax environments. These additional risks may be heightened with respect to emerging market countries because political turmoil and rapid changes in economic conditions are more likely to occur in these countries.

**Investment Style Risk** – The risk that the portfolio's strategy may underperform other segments of the markets or the markets as a whole.

**Income Risk** – The possibility that a portfolio's yield will decline due to falling interest rates.

**Interest Rate Risk** – The risk that a rise in interest rates will cause a fall in the value of fixed income securities, including U.S. Government securities in which the portfolio invests. Although U.S. Government securities are considered to be among the safest investments, they are not guaranteed against price movements due to changing interest rates. A low interest rate environment may present greater interest rate risk, because there may be a greater likelihood of rates increasing and rates may increase more rapidly.

**Large Capitalization Risk** – The risk that larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in technology and consumer tastes. Larger companies also may not be able to attain the high growth rates of successful smaller companies.

**Leverage Risk** – A portfolio's use of derivatives may result in the portfolio's total investment exposure substantially exceeding the value of its securities and the portfolio's investment returns depending substantially on the performance of securities that the portfolio may not directly own. The use of leverage can amplify the effects of market volatility on the portfolio's value and may also cause the portfolio to liquidate portfolio positions when it would not be advantageous to do so in order to satisfy its obligations. The portfolio's use of leverage may result in a heightened risk of investment loss.

**Liquidity Risk** – The risk that certain securities may be difficult or impossible to sell at the time and the price that the portfolio would like. The portfolio may have to lower the price of the security, sell other securities instead or forego an investment opportunity, any of which could have a negative effect on portfolio management or performance.

**Market Risk** – The risk that the market value of a security may move up and down, sometimes rapidly and unpredictably. Market risk may affect a single issuer, an industry, a sector or the equity or bond market as a whole.

**Money Market Funds** – With respect to an investment in money market funds, an investment in the money market fund is not a bank deposit nor is it insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market fund may seek to maintain a constant price per share of \$1.00, you may lose money by investing in the money market fund. The Fund may experience periods of heavy redemptions that could cause the Fund to liquidate its assets at inopportune times or at a loss or depressed value, particularly during periods of declining or illiquid markets. This could have a significant adverse effect on the Fund's ability to maintain a stable \$1.00 share price, and, in extreme circumstances, could cause the Fund to suspend redemptions and liquidate completely.

**Mortgage-Backed Securities Risk** – Mortgage-backed securities are affected significantly by the rate of prepayments and modifications of the mortgage loans backing those securities, as well as by other factors such as borrower defaults, delinquencies, realized or liquidation losses and other shortfalls. Mortgage-backed securities are particularly sensitive to prepayment risk, which is described below, given that the term to maturity for mortgage loans is generally substantially longer than the expected lives of those securities; however, the timing and number of prepayments cannot be accurately predicted. The timing of changes in the rate of prepayments of the mortgage loans may significantly affect the portfolio's actual yield to maturity on any mortgage-backed securities, even if the average rate of principal payments is consistent with the portfolio's expectation. Along with prepayment risk, mortgage-backed securities are significantly affected by interest rate risk, which is described above. In a low interest rate environment, mortgage loan prepayments would generally be expected to increase due to factors such as refinancing and loan modifications at lower interest rates. In contrast, if prevailing interest rates rise, prepayments of mortgage loans would generally be expected to decline and therefore extend the weighted average lives of mortgage-backed securities held or acquired by the portfolio.

**Municipal Securities Risk** – Municipal securities, like other fixed income securities, rise and fall in value in response to economic and market factors, primarily changes in interest rates, and actual or perceived credit quality. Rising interest rates will generally cause municipal securities to decline in value. Longer-term securities generally respond more sharply to interest rate changes than do shorter-term securities. A municipal security will also lose value if, due to rating downgrades or other factors, there are concerns about the issuer's current or future ability to make principal or interest payments. State and local governments rely on taxes and, to some extent, revenues from private projects financed by municipal securities, to pay interest and principal on municipal debt. Poor statewide or local economic results or changing political sentiments may reduce tax revenues and increase the expenses of municipal issuers, making it more difficult for them to repay principal and to make interest payments on securities owned by a portfolio meet their obligations. Actual or perceived erosion of the creditworthiness of municipal issuers may reduce the value of a portfolio's holdings. As a result, the portfolio will be more susceptible to factors which adversely affect issuers of municipal obligations than a portfolio which does not have as great a concentration in municipal obligations. Municipal obligations may be underwritten or guaranteed by a relatively small

number of financial services firms, so changes in the municipal securities market that affect those firms may decrease the availability of municipal instruments in the market, thereby making it difficult to identify and obtain appropriate investments for the portfolio. Also, there may be economic or political changes that impact the ability of issuers of municipal securities to repay principal and to make interest payments on securities owned by the portfolio. Any changes in the financial condition of municipal issuers also may adversely affect the value of the portfolio's securities.

**Non-Diversified Risk** – To the extent that a portfolio is non-diversified, which means that it may invest in the securities of relatively few issuers. As a result, the portfolio may be more susceptible to a single adverse economic or political occurrence affecting one or more of these issuers, and may experience increased volatility due to its investments in those securities.

**Opportunity Risk** – The risk of missing out on an investment opportunity because the assets necessary to take advantage of it are tied up in other investments.

**Overlay Risk** – To the extent that a Client's portfolio is implemented through an Overlay Manager, it is subject to the risk that its performance may deviate from the performance of a sub-advisor's model or the performance of other proprietary or Client accounts over which the sub-advisor retains trading authority ("Other Accounts"). The Overlay Manager's variation from the sub-advisor's model portfolio may contribute to performance deviations, including under performance. In addition, a sub-advisor may implement its model portfolio for its Other Accounts prior to submitting its model to the Overlay Manager. In these circumstances, trades placed by the Overlay Manager pursuant to a model portfolio may be subject to price movements that result in the Client's portfolio receiving prices that are different from the prices obtained by the sub-advisor for its Other Accounts, including less favorable prices. The risk of such price deviations may increase for large orders or where securities are thinly traded.

**Portfolio Turnover Risk** – To the extent that a portfolio buys and sells securities frequently, such activity may result in increased brokerage or other higher transaction costs and additional capital gains tax liabilities, which may affect the portfolio's performance. These costs affect the portfolio's performance. To the extent that a portfolio invests in an underlying fund the portfolio will have no control over the turnover of the underlying fund

**Prepayment Risk Risk** – The risk that, in a declining interest rate environment, fixed income securities with stated interest rates may have the principal paid earlier than expected, requiring a portfolio to invest the proceeds at generally lower interest rates.

**Quantitative Investing Risk** – A quantitative investment style generally involves the use of computers to implement a systematic or rules-based approach to selecting investments based on specific measurable factors. Due to the significant role technology plays in such strategies, they carry the risk of unintended or unrecognized issues or flaws in the design, coding, implementation or maintenance of the computer programs or technology used in the development and implementation of the quantitative strategy. These issues or flaws, which can be difficult to identify, may result in the implementation of a portfolio that is different from that which was intended, and could negatively impact investment returns. Such risks should be viewed as an inherent element of investing in an investment strategy that relies heavily upon quantitative models and computerization.

**Real Estate Industry Risk** – Securities of companies principally engaged in the real estate industry may be subject to the risks associated with direct ownership of real estate. Risks commonly associated with the direct ownership of real estate include fluctuations in the value of underlying properties, defaults by borrowers or tenants, changes in interest rates and risks related to general or local economic conditions. If a portfolio's investments are concentrated in issuers conducting business in the real estate industry, the portfolio may be subject to legislative or regulatory changes, adverse market conditions and/or increased competition affecting that industry.

**Real Estate Investment Trusts (REITs) Risk** – REITs are trusts that invest primarily in commercial real estate or real estate-related loans. Investments in REITs are subject to the risks associated with the direct ownership of real estate which is discussed above. Some REITs may have limited diversification and may be subject to risks inherent in financing a limited number of properties.

**Sampling Risk** – With respect to investments in index funds or a portfolio designed to track the performance of an index, a fund or portfolio may not fully replicate a benchmark index and may hold securities not included in the index. As a result, a fund or portfolio may not track the return of its benchmark index as well as it would have if the fund or portfolio purchased all of the securities in its benchmark index.

**Small and Medium Capitalization Risk** – Small and medium capitalization companies may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, small and medium capitalization companies may have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, small capitalization and medium capitalization stocks may be more volatile than those of larger companies. Small capitalization and medium capitalization stocks may be traded over the counter or listed on an exchange.

**Social Investment Criteria Risk** – If a portfolio is subject to certain social investment criteria it may avoid purchasing certain securities for social reasons when it is otherwise economically advantageous to purchase those securities, or may sell certain securities for social reasons when it is otherwise economically advantageous to hold those securities. In general, the application of portfolio's social investment criteria may affect the portfolio's exposure to certain industries, sectors and geographic areas, which may affect the financial performance of the portfolio, positively or negatively, depending on whether these industries or sectors are in or out of favor.

**Taxation Risk** – Aspen Private Advisors does not represent in any manner that the tax consequences described as part of its tax management techniques and strategies will be achieved or that any of Aspen Private Advisors tax-management techniques, or any of its products and/or services, will result in any particular tax consequence. The tax consequences of the tax-management techniques, including those intended to harvest tax losses, and other strategies that Aspen Private Advisors may pursue are complex and uncertain and may be challenged by the IRS. A portfolio that is managed to minimize tax consequences to Clients will likely still earn taxable income and gains from time to time. In order to pay tax-exempt interest, tax-exempt securities must meet certain legal requirements. Failure to meet such requirements may cause the interest received and distributed by the portfolio to shareholders to be taxable. Changes or proposed changes in federal tax laws may cause the prices of tax-exempt securities to fall. The federal income tax treatment on payments with respect to certain derivative contracts is unclear. Consequently, a portfolio may receive payments that are treated as ordinary income for federal income tax purposes. Changes to the tax code may result in



**Tracking Error Risk** – The risk that the performance of a portfolio designed to track an index may vary substantially from the performance of the benchmark index it tracks as a result of cash flows, portfolio expenses, imperfect correlation between the portfolio's and benchmark's investments and other factors.

**U.S. Government Securities Risk** – Although U.S. Government securities are considered to be among the safest investments, they are not guaranteed against price movements due to changing interest rates. Obligations issued by some U.S. Government agencies are backed by the U.S. Treasury, while others are backed solely by the ability of the agency to borrow from the U.S. Treasury or by the agency's own resources.

## Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

## Item 10: Other Financial Industry Activities & Affiliations

Representatives of our firm are licensed insurance agents. As a result of these transactions, they receive normal and customary commissions. A conflict of interest exists as the commission earned for these products creates an incentive to recommend products based on the compensation earned. To mitigate this potential conflict, our firm will act in the client's best interest.

Aspen Holdings, LLC the entity through which both Mr. Todd Dathe and Mr. Sorenson own Aspen Private Advisors, LLC also owns Aspen Consulting, LLC, a limited liability corporation which specializes in business consulting. Both Mr. Sorenson and Mr. Dathe act as business consultants. It is important to note that these services are independent of our financial planning and investment advisory services and are governed under a separate engagement agreement.

Our firm will on occasion refer clients to Absolute Capital Management under a solicitor arrangement in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 in exchange for 50% of advisory fees paid to Absolute Capital Management. As such our firm has a conflict of interest to disclose as we have an incentive to refer clients away in order to obtain ongoing compensation without having any ongoing responsibility to the client.

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

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times.

Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Likewise, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day unless included in a block trade.

## **Item 12: Brokerage Practices**

### **Selecting a Brokerage Firm**

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Our firm recommends that Clients establish accounts with LPL Financial ("LPL"), member FINRA/SIPC, to maintain custody of clients' assets and to effect trades for their accounts. LPL provides brokerage and custodial services to independent investment advisory firms, including our firm. For accounts custodied at LPL, LPL is generally compensated by clients through commissions, trails, or other transaction-based fees for trades that are executed through LPL or that settle into LPL

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.



accounts. For IRA accounts, LPL generally charges account maintenance fees. In addition, LPL also charges clients miscellaneous fees and charges, such as account transfer fees.

Clients should also be aware that for accounts where LPL serves as the custodian, our firm is limited to offering services and investment vehicles that are approved by LPL, and may be prohibited from offering services and investment vehicles that may be available through other broker-dealers and custodians, some of which may be more suitable for a client's portfolio than the services and investment vehicles offered through LPL. Clients should understand that not all investment advisers require that Clients custody their accounts and trade through specific broker-dealers.

### ***Benefits Received by Our Personnel***

LPL makes available to our firm various products and services designed to assist our firm in managing and administering client accounts. Many of these products and services may be used to service all or a substantial number of accounts, including accounts not held with LPL. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and aggregation and allocation of trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of our firm's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting.

LPL also makes available to our firm other services intended to help manage and further develop our business. Some of these services assist our firm to better monitor and service program accounts maintained at LPL. Many of these services, however, benefit only our firm. These support services and/or products may be provided without cost, at a discount, and/or at a negotiated rate, and include practice management-related publications; consulting services; attendance at conferences and seminars, meetings, and other educational and/or social events; marketing support; and other products and services used by our firm in furtherance of the operation and development of its investment advisory business.

Where such services are provided by a third party vendor, LPL will either make a payment to our firm to cover the cost of such services, reimburse our firm for the cost associated with the services, or pay the third party vendor directly on behalf of our firm.

The products and services described above are provided to our firm as part of its overall relationship with LPL. While as a fiduciary, our firm endeavors to act in its clients' best interests, the receipt of these benefits creates a conflict of interest because our firm's requirement that Clients custody their assets at LPL is based in part on the benefit to our firm of the availability of the foregoing products and services and not solely on the nature, cost or quality of custody or brokerage services provided by LPL. Our firm's receipt of some of these benefits may be based on the amount of advisory assets custodied on the LPL platform.

### **Client Brokerage Commissions**

LPL does not make client brokerage commissions generated by client transactions available for our firm's use.

## **Client Transactions in Return for Soft Dollars**

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Our firm does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

## **Brokerage for Client Referrals**

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Our firm does not receive brokerage for client referrals.

## **Directed Brokerage**

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Neither our firm nor any of our firm's representatives have discretionary authority in making the determination of the brokers-dealers and/or custodians with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Our firm routinely recommends that clients direct us to execute through a specified broker-dealer. Our firm recommends the use of LPL.

## **Special Considerations for ERISA Clients**

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

## **Client-Directed Brokerage**

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Our firm allows clients to direct brokerage outside our recommendation. Our firm may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, clients may pay higher brokerage commissions because our firm may not be able to aggregate orders to reduce transaction costs, or clients may receive less favorable prices.

## **Aggregation of Purchase or Sale**

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Our firm provides investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when our firm believes that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, our firm attempts to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

### **Item 13: Review of Accounts or Financial Plans**

Financial Planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. Our firm does not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately engage our firm for a post-financial plan meeting or update to their initial written financial plan.

Retirement Plan Consulting clients receive reviews of their retirement plans for the duration of the service. Our firm also provides ongoing services where clients are met with upon their request to discuss updates to their plans, changes in their circumstances, etc. Retirement Plan Consulting clients do not receive written or verbal updated reports regarding their plans unless they choose to engage our firm for ongoing services.

### **Item 14: Client Referrals & Other Compensation**

#### **LPL Financial**

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Our firm may receive from LPL or a mutual fund company, without cost and/or at a discount non soft-dollar support services and/or products, to assist us to better monitor and service client accounts maintained at such institutions. Included within the support services our firm may receive investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by us to assist us in our investment advisory business operations. Our clients do not pay more for investment transactions effected and/or assets maintained at LPL as result of this arrangement. There is no commitment made by us to LPL or any other institution as a result of the above arrangement.

#### **Referral Fees**

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Our firm does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with relevant state statutes and rules.

As discussed above in item 10, our firm will on occasion refer clients to Absolute Capital Management under a solicitor arrangement in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 in exchange for 50% of advisory fees paid to Absolute Capital Management. As such our firm has a conflict of interest to disclose as we have an incentive to refer clients away in order to obtain ongoing compensation without having any ongoing responsibility to the client.

## Item 15: Custody

While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under “Standing Instructions.” All our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

### Third Party Money Movement:

The SEC issued a no-action letter (“Letter”) with respect to the Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with the account custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client’s qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## Item 16: Investment Discretion

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Should clients grant our firm non-discretionary authority,

our firm would be required to obtain the client's permission prior to effecting securities transactions. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

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

Our firm does not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, our firm will forward them to the appropriate client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

## **Item 18: Financial Information**

### **Inclusion of a Balance Sheet**

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Our firm does not require nor is prepayment solicited for more than \$1,200 in fees per client, 6 months or more in advance. Therefore, our firm has not included a balance sheet for our most recent fiscal year.

### **Disclosure of Financial Condition**

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Our firm has nothing to disclose in this regard.