

**Form ADV Part 2A – Firm Brochure  
Item 1: Cover Page  
January 2021**

**Petix & Botte Financial  
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**Firm Contact:  
Andrew Williams  
Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Petix & Botte Company doing business as Petix & Botte Financial. If you have any questions about the contents of this brochure, please contact us by telephone at (619) 698-6500 or email [andrew@petixbotte.com](mailto:andrew@petixbotte.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about Petix & Botte Financial also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD # 170020.

Please note that the use of the term “registered investment adviser” and description of Petix & Botte Financial and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm’s associates who advise you for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes**

Petix & Botte Financial is required to advise you of any material changes to the Firm Brochure ("Brochure") from our last annual update.

Since our last annual amendment filed on 03/02/2020, we have the following material change to report:

- Andrew Williams has been designated as our firm's Chief Compliance Officer.
- Andrew Williams has also become a partner of our firm. As of January 1, 2021, our firm is owned by Andrew Williams and Vickie Petix.
- Our company is participating in the Paycheck Protection Program ("PPP") established by the U.S. Small Business Administration. The PPP is intended to assist us with maintaining our business in response to the COVID-19 pandemic by providing low-interest loans for business essentials such as payroll. These loans are eligible for forgiveness if they are used for payroll, firm overhead, and any interest payments previously made to our company.

### Item 3: Table of Contents

Item 1: Cover Page.....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents.....	3
Item 4: Advisory Business .....	4
Item 5: Fees & Compensation.....	7
Item 6: Performance-Based Fees & Side-By-Side Management.....	9
Item 7: Types Of Clients & Account Requirements.....	9
Item 8: Methods of Analysis, Investment Strategies & Risk of Loss .....	9
Item 9: Disciplinary Information.....	11
Item 10: Other Financial Industry Activities & Affiliations.....	11
Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading .....	12
Item 12: Brokerage Practices.....	13
Item 13: Review of Accounts or Financial Plans .....	14
Item 14: Client Referrals & Other Compensation .....	15
Item 15: Custody .....	15
Item 16: Investment Discretion.....	16
Item 17: Voting Client Securities .....	16
Item 18: Financial Information.....	16

## **Item 4: Advisory Business**

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a corporation formed in the State of California. Our firm has been in business as an investment adviser since 2014 and is owned by Andrew Williams and Vickie Petix.

### **Description of the Types of Advisory Services We Offer**

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#### **Asset Management:**

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, we review the portfolio periodically and if necessary, rebalance the portfolio based upon the client’s individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

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

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client’s current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client’s financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

## **LPL Financial Sponsored Advisory Programs:**

Our firm may provide advisory services through certain programs sponsored by LPL Financial ("LPL"), a registered investment adviser and broker-dealer. Below is a brief description of each LPL advisory program available to our firm. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the LPL Financial Form ADV Part 2 or the applicable program's Appendix 1 (wrap fee program brochure) and the applicable client agreement.

### Optimum Market Portfolios Program (OMP)

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. Advisor will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. Advisor will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum account value of \$15,000 is required for OMP.

### Model Wealth Portfolios Program (MWP)

MWP offers clients a professionally managed mutual fund asset allocation program. We will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange traded funds) and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

The MWP program makes available model portfolios designed by strategists other than LPL's Research Department. The Advisor will have discretion to choose among the available models designed by LPL and outside strategists.

A minimum account value of \$25,000 is required for MWP.

### Manager Access Select Program (MAS)

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. Advisor will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

### Guided Wealth Portfolios Program (GWP)

Guided Wealth Portfolios is a centrally managed, algorithm-based investment program which is made available to users and clients through a web-based, interactive account management portal. Investment recommendations to buy and sell exchange-traded funds and open-end mutual funds are generated through proprietary, automated, computer algorithms (collectively, the "Algorithm") of FutureAdvisor, Inc. ("FutureAdvisor"), based upon model portfolios constructed by LPL Financial and selected for the account. Communications concerning GWP are intended to occur primarily through electronic means, although we will be available to discuss investment strategies, objectives or the account in general in person or over the phone.

A preview of the Program (the "Educational Tool") is provided for a period of up to 45 days to help users determine whether they would like to become advisory clients and receive ongoing financial advice from LPL Financial, FutureAdvisor and our firm by enrolling in the advisory service (the "Managed Service"). The Educational Tool and Managed Service are described in more detail in the GWP Program Brochure. Users of the Educational Tool are not considered to be advisory clients of LPL Financial, FutureAdvisor or our firm, do not enter into an advisory agreement with LPL Financial, FutureAdvisor or our firm, do not receive ongoing investment advice or supervisions of their assets, and do not receive any trading services.

A minimum account value of \$5,000 is required for GWP.

### Tailoring of Advisory Services

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We offer individualized investment advice to clients utilizing our Asset Management service. Additionally, we offer general investment advice to clients utilizing our Financial Planning & Consulting service.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our Asset Management service. We do not manage assets through our Financial Planning and Consulting service.

### Participation in Wrap Fee Programs

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Our firm does not offer or sponsor a wrap fee program.

## Regulatory Assets Under Management

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As of 12/31/2020, we manage \$246,871,000 on a discretionary basis.

### Item 5: Fees & Compensation

#### How We Are Compensated for Our Advisory Services

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##### Asset Management:

Assets Under Management	Annual Percentage of Assets Charge
\$0 to \$250,000	0.85% - 2.00%
Above \$250,000	0.25% - 1.50%

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. The ultimate fee we charge is based on the scope and complexity of the engagement and will be listed in Schedule A of the advisory agreement. Fees will generally be automatically deducted from your managed account\*. LPL will make quarterly adjustments for deposits and withdrawals in client accounts. As part of this process, you understand and acknowledge the following:

- a) LPL Financial as the custodian sends statements at least quarterly to Clients showing all disbursements for their account, including the amount of the advisory fees paid to our firm;
- b) The Client has provided authorization permitting fees to be directly paid by these terms;
- c) LPL Financial calculates the advisory fees and deducts them from the Client's account.

\*In rare cases, we will agree to directly bill clients.

##### Financial Planning & Consulting:

We charge on an hourly or flat fee basis for our financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fee is \$250 and flat fees generally range from \$500 to \$3,000.

We do not require a retainer of the ultimate financial planning or consulting fee we charge you. The fee is due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you.

##### LPL Sponsored Programs:

The maximum fees for the LPL sponsored advisory programs are as follows:

LPL Sponsored Advisory Program	Annual Percentage of Assets Charge
(a) Optimum Market Portfolios Program (OMP)	2.50%
(b) Model Wealth Portfolios Program (MWP)	2.50%
(c) Manager Access Select Program (MAS)	2.50%
(d) Guided Wealth Portfolios Program (GWP)	0.35%

The fees for LPL's Financial Sponsored Advisory Programs are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. LPL serves as program sponsor, investment adviser and broker-dealer for the LPL advisory programs. Our firm and LPL may share in the account fee and other fees associated with program accounts.

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Management fees will be deducted from the client's managed account, upon a signed Account Application Form. The ultimate management fee is indicated on the Account Application Form. Our firm does not have the authority to instruct LPL Financial to change or deduct fees without written client consent. LPL Financial sends a quarterly statement showing all fees deducted from the clients accounts.

The MWP account fee consists of an LPL Financial program fee, a strategist fee (if applicable) and an advisor fee of up to 2.00%. Accounts remaining under the legacy fee structure may be charged one aggregate account fee, for which the maximum account fee is 2.50%. See the MWP program brochure for more information.

GWP Managed Service clients are charged an account fee consisting of an LPL Financial program fee of 0.35% and an advisor fee of up to 1.00%. In the future, a strategist fee may apply. However, LPL Research currently serves as the sole portfolio strategist and does not charge a fee for its services. FutureAdvisor is compensated directly by LPL Financial for its services, including the Algorithm and related software, through an annual sub-advisory fee (tiered based on assets under management by FutureAdvisor, at a rate ranging from 0.10% to 0.17%). As each asset tier is reached, LPL Financial's share of the compensation shall increase and clients will not benefit from such asset tiers.

GWP Educational Tool provides access to sample recommendations at no charge to users. However, if users decide to implement sample recommendations by executing trades, they will be charged fees, commissions, or expenses by the applicable broker or adviser, as well as underlying investment fees and expenses.

### **Other Fees:**

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. LPL Financial offers a trading platform with select exchange traded funds ("ETFs") that do not charge transaction fees. The no-transaction-fee ETF trading platform is available to clients participating in LPL Financial's Strategic Wealth Management ("SWM") program. Clients will be subject to transaction fees charged by LPL Financial for ETFs not included in LPL Financial's platform and for other types of securities. The limited number of ETFs available on LPL Financial's no-transaction fee platform may have higher overall expenses than other types of securities and ETFs not included in the platform. Other major custodians have eliminated transaction fees for all ETFs and U.S. listed equities, so clients may pay more for investing in the same securities at LPL Financial.

Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).



## **Refunds Following Termination**

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We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

## **Commissionable Securities Sales**

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In order to sell securities for a commission, our supervised persons are registered representatives of LPL. Our supervised persons may accept compensation for the sale of securities or other investment products, including distribution or service (“trail”) fees from the sale of mutual funds. You should be aware that the practice of accepting commissions for the sale of securities:

1. Presents a conflict of interest and gives our firm and/or our supervised persons an incentive to recommend investment products based on the compensation received, rather than on your needs. We generally address commissionable sales conflicts that arise when explaining to clients that commissionable securities sales creates an incentive to recommend products based on the compensation we and/or our supervised persons may earn and/or when recommending commissionable mutual funds, explaining that “no-load” funds are also available.
2. In no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us.

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

We do not accept performance-based fees.

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

We have the following types of clients:

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

We do not have any requirements for opening and maintaining accounts or otherwise engaging us.

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

### **Methods of Analysis**

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We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as 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.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Cyclical Analysis.** In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

### **Investment Strategies We Use**

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We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. Typically, we employ this strategy when we believe the securities to be well valued and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.

Depending on a client's investment objectives, financial circumstances, time horizon, asset allocation, and tax considerations, we may also utilize tax loss harvesting and trading to minimize tax exposure. When utilizing a tax loss harvesting strategy, we sell securities that have declined in value in order to offset gains from other investments.

### **Risk of Loss**

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Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

### **Description of Material, Significant or Unusual Risks**

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

## **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**

### **LPL Financial:**

Representatives of our firm are financial advisors of LPL Financial, member FINRA/SIPC, and licensed insurance agents. They may offer products and receive normal and customary commissions as a result of these transactions. A conflict of interest may arise as these commissionable securities sales may create an incentive to recommend products based on the compensation they may earn.

### **Selection of LPL Financial's Advisory Sponsored Programs:**

Our firm receives compensation as a result of a client's participation in an LPL Financial program. Depending on, among other things, the type and size of the account, type of securities held in the account, changes in its value over time, the ability to negotiate fees or commissions, the historical or expected size or number of transactions, and the number and range of supplementary advisory and client-related services provided to the client, the amount of this compensation may be more or less than what we would receive if the client participated in other programs, whether through LPL Financial or another sponsor, or paid separately for investment advice, brokerage and other services.

The account fee may be higher than the fees charged by other investment advisors for similar services. For instance, FutureAdvisor offers direct-to-consumer services similar to GWP. Therefore, clients could generally pay a lower advisory fee for algorithm-driven, automated investment advisory services through FutureAdvisor or other robo providers. However, clients using such direct robo services will forgo opportunities to utilize LPL Financial-constructed model portfolios or to work directly with a financial advisor.

Clients should consider the level and complexity of the advisory services to be provided when negotiating the account fee (or the advisor fee portion of the account fee, as applicable) with our firm. With regard to accounts utilizing third-party portfolio managers under aggregate, all-in-one account fee structures (including MAS and the legacy MWP fee structure), because the portion of the account fee retained by us varies depending on the portfolio strategist fee associated with a portfolio, we have a financial incentive to select one portfolio instead of another portfolio.

Please refer to the relevant LPL Financial Form ADV program brochure for a more detailed discussion of conflicts of interest.

### **Tax & Financial Services Co., Inc.:**

Representatives of our firm are also tax preparers for Tax & Financial Services Co., Inc., a tax preparation company. Such services are independent of our financial planning and investment advisory services and are governed under a separate engagement agreement. Clients are under no obligation to utilize such services.

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

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

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest.

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.

Related persons of our firm may 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 within 24 hours prior to buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

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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.

## Item 12: Brokerage Practices

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Ability to maintain the confidentiality of trading intentions
- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital
- Ability to place trades in difficult market environments
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation

With this in consideration, our firm has an arrangement with LPL Financial. LPL Financial offers to independent investment advisers non-soft dollar services which include custody of securities, trade execution, clearance and settlement of transactions. We receive non-soft-dollar services such as research and administrative functions including portfolio pricing, account statement generation and fee calculations, which are intended to support our firm in conducting business and in serving the best interests of our clients. These services do not incentivize us to recommend LPL Financial. Our recommendation of LPL Financial to our clients is based on our clients' interests in receiving best execution and the level of competitive, professional services LPL Financial provides. Our firm does not receive client brokerage commissions (or markups or markdowns) to obtain research or other products or services. Neither our firm receive brokerage commissions for client referrals. We do not allow client-directed brokerage, as trades in our clients' accounts are executed through LPL Financial, a qualified custodian and broker-dealer; neither do we direct client transactions to LPL Financial in return for soft-dollar benefits.

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

We perform 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 we believe 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, we attempt 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.

Transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine or "batch" such orders to obtain "best execution", to negotiate more favorable commission rates, to allocate fairly among the clients' differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent that we determine to aggregate client orders for the purchase or sale of securities, including securities in which our principals (and/or associated persons) may invest, we shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital, Inc. We shall not receive any additional compensation or remuneration as a result of the aggregation. When referring clients to dealers, we will only refer clients to dealers registered in states where the clients reside.

If requested, we will arrange for the execution of securities brokerage transactions for the account through broker-dealers that we reasonably believe will provide "best execution". In seeking "best execution", the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. We also take into consideration the full range of a broker-dealer's services including execution capability, commission rates, and responsiveness. Although we will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions. Over-the-Counter (OTC) securities transactions for our clients are generally effected based on two (2) separate broker-dealers: (1) a "dealer" or "principal" acting as market-maker; and (2) the executing broker-dealer that acts in an agency capacity for the client's account. Dealers executing principal transactions typically include a mark-up/down, which is included in the offer or bid price of the securities purchased or sold. In addition to the dealer mark-up/down, the client may also incur the transaction fee imposed by the executing broker-dealer. We do not receive any portion of the dealer mark-up/down or the executing broker-dealer transaction fee.

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

We review accounts on a periodic basis for our clients subscribing to our Asset Management service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to our Asset Management service. Only our Financial Advisors will conduct reviews of client accounts.

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

Financial Planning clients will receive reviews of their written plans upon completion to discuss the summary of recommendations. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

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

### **LPL Financial**

We may receive from LPL Financial, without cost and/or at a discount support services and/or products, to assist us to better monitor and service client accounts maintained at such institutions. Included within the support services we 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 Financial as result of this arrangement. There is no commitment made by us to LPL Financial or any other institution as a result of the above arrangement.

We may occasionally co-sponsor educational seminars or receive marketing support from unaffiliated investment companies or mutual funds. Our clients do not pay more for investment transactions effected and/or assets maintained as result of this arrangement. There is no commitment made by us to any other institution as a result of this arrangement.

### **Referral Fees**

We do 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 Rule 206 (4)-3 of the Investment Advisers Act of 1940.

## **Item 15: Custody**

All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

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 our custodian, LPL Financial:

- 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.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

#### **Item 16: Investment Discretion**

Our firm only manages accounts where we have discretionary authority. Such authority shall be granted through the executed investment advisory client agreement. By granting investment discretion, we are authorized to execute securities transactions, which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. 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**

We do not and will 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, we will forward them on to you and ask the party who sent them to mail them directly to you 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**

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.



- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- We have never been the subject of a bankruptcy proceeding.

Our company is participating in the Paycheck Protection Program (“PPP”) established by the U.S. Small Business Administration. The PPP is intended to assist us with maintaining our business in response to the COVID-19 pandemic by providing low-interest loans for business essentials such as payroll. These loans are eligible for forgiveness if they are used for payroll, firm overhead, and any interest payments previously made to our company. A recipient of these loans could be encouraged to raise their advisory fees in order to finance the loans in the future. However, we will continue to act in our client’s best interest and will not raise our advisory fees.