

# **Portfolio Strategies, Inc.**

SEC File Number: 801 – 18475

## **Brochure**

**Dated: March 24, 2021**

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**This brochure provides information about the qualifications and business practices of Portfolio Strategies, Inc. If you have any questions about the contents of this brochure, please contact us at (253) 383-1676 or [davidj@portstrat.com](mailto:davidj@portstrat.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 Portfolio Strategies, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Portfolio Strategies, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## Item 2           Material Changes

There have been no material changes made to Portfolio Strategies, Inc.’s (the “Registrant”) disclosure statement since last year’s Annual Amendment filing on March 30, 2020. Certain non-material changes have been made to Items 4 and 5, concerning Registrant’s advisory business, including fee arrangements, 12b-1 compensation, asset-based transaction fees, model descriptions, custodian charges and affiliated mutual fund fees.

**ANY QUESTIONS: The Registrant’s Chief Compliance Officer, David Jajewski, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**

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#### Item 4            Advisory Business

- A. Portfolio Strategies, Inc. is a corporation formed on December 14, 1982, in the State of Washington. The Registrant became registered as an Investment Adviser Firm in March 1983. The Registrant is owned, in equal part, by John Williamson and David Jajewski. David Jajewski and John Williamson are the Registrant's Chief Executive Officer and Managing Partner, respectively.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, investment companies, pension and profit sharing plans, trusts, estates, charitable organizations, etc.) investment advisory services. The Registrant **does not** hold itself out as providing financial planning, estate planning, or insurance planning services.

#### **INVESTMENT ADVISORY SERVICES**

As disclosed below, the Registrant primarily allocates assets among affiliated and unaffiliated open-end mutual funds, including the PSI Funds (*see Item 10C below*) in accordance with one or more of its proprietary investment strategies to investors introduced to the Registrant by unaffiliated broker-dealers and investment advisers. As also discussed below, **the referring broker-dealers and investment advisers maintain both the initial and ongoing day-to-day relationship with the client, including initial and ongoing determination of client suitability for the Registrant's investment strategies.**

The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee* basis. The Registrant's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant's management, generally between 0.80% and 2.50%.

Registrant manages investment advisory accounts not involving Investment Supervisory Services. Each investment program managed by the Registrant has been devised to meet a particular investment strategy applicable to an individual client's investment objective(s). Each investment program is continuously managed based on the program's strategy, rather than based upon each client's individual needs. However, each client will have the opportunity to place reasonable restrictions on the types of investments to be held in his/her/their/its account. Before engaging Registrant to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

Registrant offers investment programs using the following model portfolios: Index Plus, All Seasons, L/O Opportunity, Global Macro Plus, the Guardian Portfolios (which contain a preset combination of PSI programs), Quantitative Income, Equity Alternative, Inflexion Points, Inflexion Points Nitro, Managed Bond, Sector Focus, Tactical High Yield, Ultra Select, Tactical Equity, Tactical Equity Moderate, Tactical Evolution, PSI Equity Advantage, Aggressive Growth, Absolute Return, L/O Smart, L/O Capstone, L/O Spectrum, L/O Tactical Income Solution, and L/O Tactical Growth Solution each of which programs is more comprehensively discussed in the Registrant's program brochures which are provided to all prospective clients. Some program strategies are also available within specific variable annuities and 401(k) programs obtained through various insurance companies and custodians. Because of trading restrictions and fund limitations imposed by certain custodians, some programs (Index Plus) may be substantially modified to meet these more

stringent requirements, which may affect performance results. The modifications are solely a function of the custodian designated by the client, of which the client is made aware prior to participating in a particular program.

Registrant's investment programs do not follow a buy-and-hold strategy but trade in-and-out of positions on a frequent basis (which could be two to three times a week). The strategies used by Registrant can incorporate the purchase of inverse index mutual funds and other mutual funds that invest in leveraged instruments, such as futures contracts and options on securities, both on a long and short basis. Because of this leverage, the value of an individual program may fluctuate substantially from day to day. However, Registrant's goal in the use of these funds is to mitigate market exposure, thereby attempting to decrease overall program downside risk.

### **MISCELLANEOUS**

**No Financial Planning or Non-Investment Consulting/Implementation Services.** The Registrant does not provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. **Please Note:** Registrant does not serve as an attorney, accountant, or insurance agency, and no portion of our services should be construed as legal, accounting, or insurance implementation services. Accordingly, we **do not** prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). including representatives of Registrant in their separate individual capacities as registered representatives of GWN Securities or Alexander Capital, both SEC registered and FINRA member broker-dealers, or as licensed insurance agents. You are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by Registrant or its representatives. **Please Note:** If the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional(s) (i.e. attorney, accountant, insurance agent, etc.), and not Registrant, shall be responsible for the quality and competency of the services provided. **Please Also Note-Conflict of Interest:** The recommendation by Registrant that a client purchase a securities or insurance commission product through one of Registrant's representatives in their separate and individual capacity as a registered representatives of GWN Securities or Alexander Capital, and/or as an insurance agent, presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment or insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products through such a representative. Clients are reminded that they may purchase securities and insurance products recommended by Registrant through other, non-affiliated broker-dealers and/or insurance agencies.

**Retirement Rollovers- Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Registrant recommends that a client roll over their retirement plan assets into an account to be managed by Registrant, such a recommendation creates a **conflict of interest** if Registrant will earn new (or increase its current) compensation as a result of the rollover. **No client is under any obligation to roll over retirement plan**

**assets to an account managed by Registrant. The Registrant's Chief Compliance Officer, David Jajewski, remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by such rollover recommendation. Please Note:** Generally, the Registrant does not recommend rollovers. Rather, the rollover recommendation, if made, is made by the client's introducing broker-dealer or investment adviser. In such event, the introducing broker-dealer or investment adviser shall have the responsibility for compliance with the above disclosure obligation and the fiduciary requirements applicable to recommending rollovers. The Registrant shall confirm, in writing, with the client's introducing investment professional (i.e., the professional that maintains the day-to-day relationship with the client), that the introducing professional has undertaken a review of the client's current retirement plan, and has determined that a rollover is in the best interest of the client.

**Affiliated Mutual Funds.** The Registrant also serves as the investment manager to the PSI Tactical Growth Fund and the PSI Strategic Growth Fund, which are investment companies (also referred to as mutual funds) registered under the Investment Company Act of 1940, as amended (collectively, the "Funds"). A complete description of the Funds, their strategies, objectives, and costs is set forth in each Fund's then-current prospectus, a copy of which is available from the Registrant upon request. As the investment manager to the Funds, Registrant has discretionary authority over the management of the Funds' assets. Moreover, pursuant to the terms of the Investment Advisory Agreement ("IAA") between the Registrant and the client, the Registrant has the discretion to place client assets in various investments, including the Funds. However, if a client's assets are invested into one of the Funds, the client will not pay a "dual" fee (i.e., Registrant's investment management fee as prescribed under the relative IAA and Registrant's Fund investment management fee paid to the Registrant by each Fund proportionate to the amount of client assets invested in the applicable Funds ("Fund Investment Management Fee")) to the Registrant. Instead, the Registrant will offset the client's investment management fee by providing a credit to the client for the fee that Registrant receives from the Fund in an amount that is proportionate to the management of client's assets in the respective Fund against the management fee Registrant charges the client under the IAA. Clients will only receive an assessment to offset this fee during periods of time when the client's assets are actually invested in the Funds. In accordance with Item 5 below, the Registrant bills on a quarterly basis and will credit the client's account in the amount of the Fund Investment Management Fee received by the Registrant ninety (90) days prior to the quarterly billing cycle. For periods of time when the client is not invested in one of these Funds, the investment management fee will be assessed in accordance with Item 5 of this brochure. **The Registrant's Chief Compliance Officer, David Jajewski, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

**12b-1 Compensation.** Certain affiliated and unaffiliated mutual funds pay marketing, distribution, and/or shareholder servicing fees, commonly known as 12b-1 fees. Although Registrant will first seek to invest a client in mutual fund share classes that do not pay 12b-1 fees, if such share class is unavailable on a particular mutual fund, Registrant may invest clients in shares classes of the same fund which pay 12b-1 compensation. Where the client is invested in fund(s) that pay 12b-1 fees, the 12b-1 compensation will be collected directly by the account custodian and no portion shall be retained by Registrant. The client acknowledges that fund share classes which pay 12b-1 compensation generally have higher internal expense ratios, which adversely impacts performance. The client further acknowledges that, although Registrant does not retain 12b-1 compensation, an investment in an affiliated Fund which pays 12b-1 compensation presents a conflict of interest, as

Registrant has an economic incentive to recommend share classes that pay 12b-1 fees based on the increased expense ratio to be retained by Registrant in its capacity as the mutual fund investment manager. This conflict is mitigated by the fact that Registrant offsets the client's investment advisory fee by the client's pro rata share of the mutual fund investment management fee. See further discussion in Item 5 below. **The Registrant's Chief Compliance Officer, David Jajewski, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

**Please Note: Inverse/Enhanced Market Strategies.** The Registrant may utilize long and inverse mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

**Mutual Fund/Exchange Traded Fund Fees.** While the Registrant may recommend allocating investment assets to mutual funds that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publicly available mutual funds and exchange traded funds that the client could obtain without engaging Registrant as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly-available mutual funds and exchange traded funds without engaging Registrant as an investment adviser, the client or prospective client would not receive the benefit of Registrant's initial and ongoing investment advisory services. In addition to Registrant's investment management fee, brokerage commissions, and/or transaction fees, the client will also incur, relative to all mutual fund and exchange traded funds, charges imposed at the fund level (e.g., management fees and other fund expenses).

**Commission/Transaction Fees.** Broker-dealers/custodians that execute investment transactions generally charge brokerage commissions, transaction fees, and/or custodial fees for effecting securities transactions. These charges, as well as the charges imposed at the mutual fund and exchange traded fund level, are in addition to Registrant's advisory fee referenced in Item 5 below.

**Custodian Charges-Additional Fees.** As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, Registrant generally recommends that Pershing, LLC ("*Pershing*") E\*TRADE Advisor Services, Inc ("*E-TRADE*") or TD Ameritrade, Inc. ("*TD Ameritrade*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Pershing*, *E-TRADE* and *TD Ameritrade* charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian (while certain custodians, including *E-TRADE* and *TD Ameritrade*, do not currently charge fees on individual equity transactions, others do). These fees/charges are in addition to Registrant's investment advisory fee at Item 5 below. Registrant does not receive any

portion of these fees/charges. **ANY QUESTIONS: Registrant's Chief Compliance Officer, David Jajewski, remains available to address any questions that a client or prospective client may have regarding the above.**

**Please Note:** As set forth below at Item 5, transaction fees for clients of Registrant are generally assessed as an annual asset-based fee, rather than on a transaction-by-transaction basis.

**Research Services.** The Registrant engages unaffiliated investment providers to provide research services and/or investment signals to assist the Registrant with management of one or more of its investment strategies.

**Data Aggregation Platforms.** Registrant may provide its clients with access to an online platform hosted by Orion, Envestnet, or other providers (the "Platforms"). The Platforms allow a client to view their complete asset allocation, including those assets that Registrant does not manage (the "Excluded Assets"). Registrant does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, Registrant shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not Registrant, shall be exclusively responsible for such investment performance. The client may choose to engage Registrant to manage some or all of the Excluded Assets pursuant to the terms and conditions of the IAA between Registrant and the client. The Platforms also provide access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by Registrant. Finally, Registrant shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the Platforms without Registrant's assistance or oversight.

**Use of Unaffiliated Broker-Dealers and Investment Advisers.** The Registrant primarily manages accounts referred to it by unaffiliated broker-dealers and investment advisers, pursuant to which the Registrant generally pays a portion of its management fee to the referring broker-dealer or investment adviser in accordance with the parameters of SEC Rule 206(4)-3. **The referring broker-dealers and investment advisers maintain both the initial and ongoing day-to-day relationship with the client, including initial and ongoing determination of client suitability for the Registrant's designated strategies.** The Registrant does not maintain physical possession of client funds or securities. Accounts are primarily maintained at the custodian designated by the referring broker-dealer/investment adviser. The Registrant does not derive any economic benefit from the referring investment adviser or broker-dealer. *See* Items 13A and 14B below.

**Model Provider.** In addition to its investment strategies, the Registrant also makes its proprietary investment models (comprised of the PSI Funds-see Item 10.C below), together with access to unaffiliated investment managers/strategies, available to unaffiliated registered investment advisers (**not** to retail investors) on the GWN Securities, Inc., Envestnet and FTJ *FundChoice* platforms. In the event that the unaffiliated registered investment adviser desires to utilize a model and/or strategy on the GWN Securities, Inc., Envestnet and/or FTJ *FundChoice* platforms, the Registrant will receive a platform fee payable by the investor. In addition to the platform fee, the investor will also incur an investment management fee payable to the unaffiliated investment manager for the selected strategy. If the adviser on behalf of its investor client determines to utilize one of the

Registrant's models, the Registrant, in lieu of an investment management fee payable directly by the investor, shall receive only its management fee payable from the PSI Funds as the investment adviser to the Funds. In addition to platform and management fees, the investor will also incur custodial fees and/or commission/transaction fees, no portion of which shall be received by the Registrant. **The unaffiliated investment adviser maintains both the initial and ongoing day-to-day relationship with the client, including initial and ongoing determination of client suitability for the Registrant's models. The Registrant does not maintain a relationship with the adviser's clients.**

**Portfolio Activity.** Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, mutual fund manager tenure, style drift, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s). Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

**Please Note: Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), the Registrant may maintain cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating the Registrant's advisory fee.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other designated professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant's written Brochure as set forth on Part 2 of Form ADV, along with the Form CRS Relationship Summary, shall be provided to each client prior to, or contemporaneously with, the execution of the IAA.

- C. The Registrant shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, his/her/their/its particular investment objective(s). The Registrant shall allocate each client's investment assets consistent with his/her/their/its designated investment objective(s). Client may, at any time, impose restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2020, the Registrant had \$122,778,190 in assets under management on a discretionary basis.



## Item 5 Fees and Compensation

A.

### INVESTMENT ADVISORY SERVICES

If a client determines to engage the Registrant to provide discretionary investment advisory services on a *fee* basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management (generally between 0.80% and 2.50%). If the client was introduced to Registrant by the client's primary Investment Professional/Solicitor, the annual fee shall be determined between the client and the client's primary Investment Professional/Solicitor. The Registrant does not determine the annual fee. Certain clients are subject to legacy fee schedules which differ from those described herein (see "Legacy Fee Arrangements" below for more information).

**Fee Dispersion:** As indicated above, Registrant shall receive an investment advisory fee based upon a percentage (%) of the market value of the assets placed under management. Client fees are individually negotiated and, therefore, shall vary depending upon various objective and subjective factors, including but not limited to: the representative assigned to the account, portfolio composition, the dollar amount of assets to be invested, the complexity of the engagement, the anticipated number of meetings and servicing needs, related accounts, future earning capacity, anticipated future additional assets, and negotiations with the client. As a result, similar clients could pay different fees, which will correspondingly impact a client's net account performance. Moreover, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's IAA and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. When requested and applicable, the Registrant may recommend a broker-dealer to serve as the broker-dealer/custodian for client investment management assets. Broker-dealers charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). Transaction fees for clients of Registrant are generally assessed as an annual asset-based fee, rather than on a transaction-by-transaction basis. Registrant's investment management fee above does not include fees to cover these custodial and trading costs, which can range from 0.09% to 0.15% annually. If the client was introduced to Registrant by the client's primary Investment Professional/Solicitor, the custodian shall be determined between the client and the client's primary Investment Professional/Solicitor. In such instances, the Registrant does not determine or recommend the custodian---the Registrant is custodian-neutral. The timing and/or frequency with which these custodian fees are assessed may differ from Registrant's fee practices, and the client is advised to refer to his or her custodian agreement for specific details. For example, while Registrant's annual fee is paid

quarterly in advance, the custodian's annual asset-based transaction fees may be paid quarterly in arrears.

In addition to Registrant's investment management fee and the custodian's fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses). **Please Note:** If a client chooses to invest a portion of his/her/their/its portfolio in any of the Registrant's affiliated mutual funds, the Registrant will credit the client's account to offset the management fees associated with the affiliated mutual funds. A client who invests in the affiliated mutual funds will not incur an aggregate advisory fee in excess of 2.50%.

**Affiliated Mutual Funds.** The Registrant also serves as the investment manager to the PSI Tactical Growth Fund and the PSI Strategic Growth Fund, which are investment companies (also referred to as mutual funds) registered under the Investment Company Act of 1940, as amended (collectively, the "Funds"). A complete description of the Funds, their strategies, objectives, and costs is set forth in each Fund's then-current prospectus, a copy of which is available from the Registrant upon request. As the investment manager to the Funds, Registrant has discretionary authority over the management of the Funds' assets. Moreover, pursuant to the terms of the *Investment Advisory Agreement* ("IAA") between the Registrant and the client, the Registrant has the discretion to place client assets in various investments, including the Funds. However, if a client's assets are invested into one of the Funds, the client will not pay a "dual" fee (i.e., Registrant's investment management fee as prescribed under the relative IAA and Registrant's Fund investment management fee paid to the Registrant by each Fund proportionate to the amount of client assets invested in the applicable Funds ("Fund Investment Management Fee")) to the Registrant. Instead, the Registrant will offset the client's investment management fee by providing a credit to the client for the fee that Registrant receives from the Fund in an amount that is proportionate to the management of client's assets in the respective Fund against the management fee Registrant charges the client under the IAA. Clients will only receive an assessment to offset this fee during periods of time when the client's assets are actually invested in the Funds. The Registrant bills on a quarterly basis and will credit the client's account in the amount of the Fund Investment Management Fee received by the Registrant ninety (90) days prior to the quarterly billing cycle. For periods of time when the client is not invested in one of these Funds, the investment management fee will be assessed in accordance with the Investment Advisory Agreement ("IAA").

Additional information concerning mutual fund fees and custodial expenses is located in Item 12 – Brokerage Practices of this brochure.

**Registrant's Chief Compliance Officer, David Jajewski, remains available to address any questions that a client or prospective client may have regarding Asset-Based versus Transaction- Based pricing.**

- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Registrant generally requires an annual minimum asset level of \$20,000 for investment advisory services. However, Registrant, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum asset level based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). **Please Note:** As result of the above, similarly situated clients

could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

The IAA between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the IAA. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage Registrant's representatives, in their individual capacities, as registered representatives of GWN Securities Inc. ("*GWN*") or Alexander Capital, LP ("*Alexander*"), SEC registered and FINRA member broker-dealers, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through *GWN* and/or *Alexander*, *GWN* and/or *Alexander* will charge brokerage commissions to effect securities transactions, a portion of which commissions *GWN* and/or *Alexander* shall pay to Registrant's representatives, as applicable. The brokerage commissions charged by *GWN* and/or *Alexander* may be higher or lower than those charged by other broker-dealers. In addition, *GWN* and/or *Alexander* as well as Registrant's representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment. **Please Note:** Neither the Registrant, nor any of its representatives, purchases commission-based products for its advisory clients, and therefore, the Registrant does not have a conflict of interest regarding same relative to its managed accounts.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *GWN* and/or *Alexander* presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. **The Registrant's Chief Compliance Officer, David Jajewski, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
2. **Please Note:** Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services. **However,** a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis.

## **Item 6            Performance-Based Fees and Side-by-Side Management**

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## **Item 7            Types of Clients**

The Registrant's clients shall generally include individuals, business entities, investment companies, pension and profit sharing plans, trusts, estates, and charitable organizations. The Registrant generally requires an annual minimum asset level of \$20,000 for investment advisory services. However, as discussed in Item 5 – Fees and Compensation, Registrant, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum asset level based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). **Please Note:** As result of the above, similarly situated clients could pay different fees. Similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, David Jajewski, remains available to address any questions that a client may have regarding its advisory fee schedule.

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

- A. The Registrant shall utilize the following methods of security analysis:
- Charting – (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
  - Fundamental – (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
  - Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices).

The Registrant shall utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days).

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

**Please Also Note:** Depending upon market conditions and investment-related trading signals, *Registrant's* investment strategies can involve frequent trading, which could increase corresponding transactions fees to be charged to client accounts. In addition, there can be no assurance that such frequent trading will be profitable, nor result in any specific

level of positive performance. Moreover, frequent trading can result in adverse tax consequences in non-qualified accounts.

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis, the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies—Long Term Purchases, Short Term Purchases, and Trading—are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. Currently, the Registrant primarily allocates client investment assets among various individual equities, mutual funds and/or exchange traded funds ("ETFs") (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), on a discretionary basis in accordance with the client's designated investment objective(s).

Registrant's asset allocation strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Registrant's asset allocation programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to Registrant's management of client assets:

1. Initial Interview – at the opening of the account, the Registrant, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment – the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly the Registrant shall notify the client to advise the Registrant whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, the Registrant shall contact the client to determine whether the client's financial situation or investment objectives have

- changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – the Registrant shall be reasonably available to consult with the client and/or the client’s designated investment professional/representative relative to the status of the account;
  6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
  7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the Registrant not to purchase certain mutual funds;
  8. No Pooling – the client’s beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
  9. Separate Account – a separate account is maintained for the client with the Custodian;
  10. Ownership – each client retains indicia of ownership of the account (e.g., right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

The Registrant believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the IAA; and (2) the fees charged by other investment advisers offering similar services/programs. However, Registrant’s annual investment management fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Registrant’s annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses). **Please Note:** Registrant’s investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

## **Item 9           Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

## **Item 10          Other Financial Industry Activities and Affiliations**

- A. **Registered Representative of GWN and Alexander.** As disclosed above in Item 5E, certain of Registrant’s Principals are also registered representatives of *GWN* or *Alexander*, FINRA member broker-dealers.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or a representative of the foregoing.
- C. **Affiliated Mutual Funds.** As discussed above in Item 4B, the Registrant also serves as the investment manager to the Funds. Pursuant to the terms of the IAA between the Registrant and the client, the Registrant shall have discretion to place client assets in various investments, including the Funds. As discussed above, the client shall not pay a “dual” fee to the Registrant for client assets invested in the respective Funds. **The**

**Registrant's Chief Compliance Officer, David Jajewski, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

**Broker Dealer.** As disclosed above in Item 5E, Registrant's Principal and certain Associated Persons, are registered representatives of *GWN* or *Alexander*, FINRA member broker-dealers. Clients can choose to engage Registrant's Principal and/or Associated Persons, in their individual capacities, to effect securities brokerage transactions on a commission basis. **Conflict of Interest:** The recommendation by Registrant's representatives, that a client purchase a securities commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. Clients are reminded that they may purchase securities products recommended by Registrant through other, non-affiliated registered representatives. **The Registrant's Chief Compliance Officer, David Jajewski, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

**Licensed Insurance Agents.** Registrant's Principal and certain Associated Persons, in their individual capacities, are licensed insurance agents. However, Registrant's representatives do not hold themselves out to the public as insurance agents, and do not solicit the Registrant's clients to purchase insurance products. Registrant's representatives' insurance licensing is not material to the Registrant's investment advisory operations, and are set forth on this Brochure for full disclosure purposes.

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisers that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's representatives that is based upon fundamental principles of openness, integrity, honesty, and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. The Registrant or any related person of Registrant **will** recommend, buy, or sell for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest, including but not limited to the affiliated mutual funds described in Item 4B. Registrant, on both a discretionary basis, manages certain client accounts which are invested in the affiliated mutual funds. The terms and conditions for participation in the affiliated mutual funds, including management fees, conflicts of interest, and risk factors, are set forth in the fund's prospectus. To the extent that Registrant manages client portfolios containing affiliated PSI Fund positions, Registrant will reduce its account

management fee, accordingly, in relation to the fee received for managing such Fund positions in client portfolios. Registrant's clients are under absolutely no obligation to consider or make an investment in a mutual fund(s), or to maintain such an investment. Registrant's Chief Compliance Officer, David Jajewski, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any conflict of interest that such arrangement may create.

- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients), and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons." The Registrant's securities transaction policy requires that Access Persons of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12            Brokerage Practices**

- A. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal IAA with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/ custodian. Registrant generally recommends that investment management accounts be maintained at *TD Ameritrade, Pershing or E-TRADE*". Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker- dealer/custodian.

In the event that the Registrant is requested to do so, the factors that the Registrant considers in recommending *Pershing, TD Ameritrade, E-TRADE* (or any other broker-dealer/custodian) to clients include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the



commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction (to the extent that transaction fees are payable) represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close. Please also see the discussion on asset based fees versus transaction-based fees set forth above.

1. Soft Dollar Arrangement

In return for effecting securities transactions for Registrant's affiliated Funds through designated broker-dealers/custodians, JP Morgan and Virtu Financial, Registrant will receive certain investment research products or services that assist the Registrant in its investment decision-making process for the client pursuant to Section 28(e) of the Securities Exchange Act of 1934 (generally referred to as a "soft-dollar" arrangement). Investment research products or services received by Registrant may include, but are not limited to, analyses pertaining to specific securities, companies or sectors; market, financial and economic studies, and forecasts; financial publications, portfolio management systems, and statistical and pricing services. Although the commissions paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Although the investment research products or services that may be obtained by Registrant will generally be used to service all of Registrant's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. With respect to investment research products or services obtained by the Registrant that have a mixed use of both a research and non-research (i.e., administrative, etc.) function, Registrant shall make a reasonable allocation of the cost of the product or service according to its use—the percentage of the product or service that provides assistance to the Registrant's investment decision-making process will be paid for with soft dollars while that portion which provides administrative or other non-research assistance will be paid for by the Registrant with hard dollars. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The receipt of such investment research products or services without the need to pay hard dollars for same provides the

*Registrant* with an incentive to effect securities transactions for the Funds through JPM and Virtu.

**The Registrant's Chief Compliance Officer, David Jajewski, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest such arrangement may create.**

#### Research and Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from a broker-dealer/custodian, investment platform, unaffiliated investment manager, mutual fund sponsor, or vendor, without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be 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 Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at a broker-dealer as a result of this arrangement. There is no corresponding commitment made by the Registrant to a broker-dealer or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangement.

**The Registrant's Chief Compliance Officer, David Jajewski, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. Although the Registrant may receive client referrals from broker-dealers, the Registrant has not entered into an agreement with, nor does it recommend or select broker-dealers to/for its clients in return for client referrals from any particular broker-dealer.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for his/her/their/its account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other

transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**The Registrant's Chief Compliance Officer, David Jajewski, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's 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 clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13      Review of Accounts**

- A. Program reviews are conducted on an ongoing basis by Registrant's Principals. The Registrant primarily manages accounts referred to it by unaffiliated broker-dealers and investment advisers, pursuant to which the Registrant generally pays a portion of its management fee to the referring broker-dealer or investment adviser in accordance with the parameters of SEC Rule 206(4)-3. The referring broker-dealers and investment advisers generally maintain both the initial and ongoing day-to-day relationship with the client, including initial and ongoing determination of client suitability for the Registrant's designated strategies. Accounts are maintained at the custodian designated by the referring broker-dealer/investment adviser. However, there are underlying custodian/transaction fee differentials based upon the designated custodian. The Registrant attempts to balance such differentials so that clients are treated as fairly as is possible at each such designated broker. All investment supervisory clients (directly or through their financial services professional) are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. *See* Item 14B below.

- B. The Registrant may conduct account reviews on an *other than periodic basis* upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections, and client request.
- C. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client account(s).

#### **Item 14      Client Referrals and Other Compensation**

- A. As referenced in Item 12A.1. above, the Registrant may receive soft dollar and non-soft dollar economic benefits from broker-dealers and/or custodians. The Registrant, without cost (and/or at a discount), may receive support services and/or products from such entities.

**The Registrant's Chief Compliance Officer, David Jajewski, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. The Registrant is routinely engaged by new clients who have been solicited on behalf of the Registrant by unaffiliated individuals. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant generally will pay that solicitor a fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. In addition to referral fee compensation, certain solicitors may also receive 12b-1 fees from the underlying mutual funds that comprise the client's account. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant. **Please Note: The referring broker-dealers and investment advisers maintain both the initial and ongoing day-to-day relationship with the client, including initial and ongoing determination of client suitability for the Registrant's investment strategies.**

#### **Item 15      Custody**

The Registrant shall have the ability to deduct its advisory fee from the client's account on a quarterly basis. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from broker-dealer/custodian and/or program sponsor for the client accounts, at least quarterly. **Please Note:** Clients are advised to carefully review any statements received from the client's broker-dealer/custodian and/or program sponsor. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

## Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant's discretionary authority. (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

## Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies except for proxies solicited by issuers of securities owned by the PSI Tactical Growth Fund and the PSI Strategic Growth Fund. The Registrant votes Fund proxies in its capacity as adviser to the Funds. Both the Registrant and the Funds maintain Proxy Voting Policies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$1,200, per client, six (6) months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, David Jajewski, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**