

# **Optimum Financial Services, LLC**

## **Form ADV Part 2A – Disclosure Brochure**

**Effective: March 24, 2021**

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Optimum Financial Services, LLC (“Optimum” or the “Advisor”). If you have any questions about the content of this Disclosure Brochure, please contact the Advisor at (601) 981-5900.

Optimum is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about Optimum to assist you in determining whether to retain the Advisor.

Additional information about Optimum and its Advisory Persons is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor’s firm name or CRD# 105878.

## Item 2 – Material Changes

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Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about the Advisory Persons of Optimum, which is provided as a separate document to this Disclosure Brochure.

Optimum believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide you with complete and accurate information at all times. Optimum encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with the Advisor.

### Material Changes

The following material changes have been made to this Disclosure Brochure since the last filing and distribution to Clients:

- The Advisor has amended its services to provide 3(38) retirement plan advisory services to Clients. Please see Items 4 and 5 for more information.
- The Advisor has started providing investment consulting services. Please Items 4 and 5 for additional details.
- The Advisor has amended its fees for investment management services. Please see Item 5 for further details.

### Future Changes

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 105878. You may also request a copy of this Disclosure Brochure at any time by contacting the Advisor at (601) 981-5900.

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## Item 4 – Advisory Services

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### A. Firm Information

Optimum Financial Services, LLC (“Optimum” or the “Advisor”) is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The Advisor is organized as a Limited Liability Company (LLC) under the laws of Mississippi. Optimum was founded in 1990 and is a wholly owned subsidiary of Optimum Holdings, LLC. Optimum is operated by John W. Garrard II, (President, Chief Compliance Officer, and Asset Manager) and William (“Billy”) H. Garrard (Executive Vice President and Asset Manager). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by Optimum.

### B. Advisory Services Offered

Optimum offers investment advisory services to individuals, high net worth individuals, trusts, estates, partnerships, bank or thrift corporations, charitable organizations, businesses, and retirement plans (each referred to as a “Client”).

The Advisor serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. Optimum's fiduciary commitment is further described in the Advisor's Code of Ethics. For more information regarding the Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

#### Investment Management Services

Optimum provides customized investment advisory solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary and non-discretionary investment management and related advisory services. Optimum works closely with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio strategy. Optimum will then construct an investment portfolio consisting of low-cost, diversified mutual funds and/or exchange-traded funds (“ETFs”) to achieve the Client's investment goals. The Advisor may also utilize individual stocks and bonds, or precious metals to meet the needs of its Clients. The Advisor may retain certain types of investments based on a Client's legacy investments based on portfolio fit and/or tax considerations.

Optimum's investment strategies are primarily long-term focused, but the Advisor may buy, sell, or re-allocate positions that have been held for less than one year to meet the objectives of the Client or due to market conditions. Optimum will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

Optimum evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. Optimum may recommend, on occasion, redistributing investment allocations to diversify the portfolio. Optimum may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement. Optimum may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of the Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

At no time will Optimum accept or maintain custody of a Client's funds or securities, except for the limited authority as outlined in Item 15 – Custody. All Client assets will be managed within the designated account[s] at the Custodian, pursuant to the terms of the advisory agreement. Please see Item 12 – Brokerage Practices.

#### Investment Consulting Services

Optimum provides a variety of investment consulting services to Clients, pursuant to a written investment consulting services agreement. Services are offered in several areas related to a Client's investment portfolio, financial situation, and other areas of need.

Generally, such consulting services involve preparing a specific investment plan or rendering a specific investment consultation based on the Client's investment goals and objectives. This consulting may encompass one or more areas of need, which may include the following services:

- General investment plan
- Portfolio review and evaluation
- Ongoing investment consulting
- Risk analysis
- Overlap analysis
- Back-tested portfolio analysis
- Correlation analysis, and/or
- Fee analysis of underlying investments
- Negotiation of the purchase of a substantial asset (i.e., residence, vacation home, business, etc.)

The Client may engage the Advisor for other services not listed above. An investment consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. Through the creation of an investment proposal outlining the Client's previously stated investment considerations and an investment policy statement, the Advisor may advise on best trading and investment practices including security selection, commission costs, alternatives, liquidity, methods of investing, sell criteria (if any), dollar cost averaging, and timing. Optimum may also refer Clients to an accountant, attorney, or other specialist, as appropriate for their unique situation. For consultations or ad-hoc engagements, the Advisor may not provide a written summary. Consultations are typically completed within six (6) months of contract date, assuming all information and documents requested are provided promptly.

Investment consulting recommendations pose a conflict between the interests of the Advisor and the interests of the Client. For example, the Advisor has an incentive to recommend that Clients engage the Advisor for investment management services or to increase the level of investment assets with the Advisor, as it would increase the advisory fees paid to the Advisor. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to implement the transaction through the Advisor.

#### Investment Management Platform

*Betterment Institutional Platform* – Optimum may recommend that certain Clients implement their investment portfolios through Betterment Institutional, a division of Betterment LLC (herein “Betterment Institutional” or the “Investment Platform”). Betterment Institutional is what is often termed a “robo-advisor”, an online wealth management service that provides automated, algorithm-based portfolio management advice. Robo-advisors use technology to deliver similar services as traditional advisors, but generally only offer portfolio management and do not get involved in a Client's personal situation, such as taxes and retirement or estate planning. Optimum chose to affiliate with Betterment Institutional due to the Investment Platform's customized portfolio allocations, automated rebalancing, and competitive fees. Optimum utilizes Betterment Institutional as a complement to its comprehensive financial planning services to provide cost effective investing coupled with personalized financial planning.

To establish accounts with Betterment Institutional, the Client will also enter into one or more agreements with Betterment that provides the authority for discretionary investment management by the Investment Platform. Optimum remains the Client's primary advisor and relationship contact and will select or construct a portfolio of ETFs and/or cash equivalents from the universe of investments included on the Investment Platform.

Optimum will have the discretionary authority to instruct Betterment Institutional with respect to portfolio construction, asset allocation, and other investment decisions, subject to the limitations described herein. Betterment Institutional will implement the portfolio and be responsible for the discretionary trading of the ETFs in the Client's portfolio, including the purchase and sale of investments and the automatic rebalancing back to targets.

Betterment Institutional utilizes between ten to twelve different ETF's, representing various asset classes for the construction of investment portfolios. As discussed above, Optimum will work with each Client to select/construct a portfolio to meet the needs of the Client. The Client has limited ability to put restrictions on its accounts. The account[s] cannot contain investments that are not included in the Betterment Institutional universe of ETFs and cash equivalents.

Betterment Institutional, under its discretionary authority, will automatically adjust and rebalance the Client's accounts daily based on the drift tolerance established for the positions in the investment portfolio. The Advisor's investment philosophy is long-term, but the Advisor may make such tactical overrides to take advantage of market pricing anomalies or strong market sectors. The Advisor does not actively trade in the Client's account[s] and is also limited to a enter one allocation change per account per trading day through Betterment Institutional, the Client should be aware of these potential disadvantages.

For its services, Betterment Institutional will charge an asset-based fee that includes the securities transaction fees for all trades. The Advisor does not charge its own investment advisory fee on assets referred to Betterment Institutional as detailed in Item 5.A. below and does not share in any fees earned by Betterment Institutional.

The Client, prior to entering into an agreement with the Investment Platform, will be provided with the Investment Platform's Form ADV Part 2A (or a brochure that makes the appropriate disclosures).

#### Retirement Plan Advisory Services

Optimum provides retirement plan advisory services on behalf of the retirement plans (each a "Plan") and the company (the "Plan Sponsor"), pursuant to the terms of the retirement plan advisory agreement. The Advisor's retirement plan advisory services are designed to assist the Plan Sponsor in meeting its fiduciary obligations to the Plan. Each engagement is customized to the needs of the Plan and Plan Sponsor. Services generally include:

- Vendor Analysis
- Plan Participant Enrollment and Education Tracking
- Investment Policy Statement ("IPS") Design and Monitoring
- Investment Oversight Services (ERISA 3(21))
- Investment Management Services (ERISA 3(38))
- Performance Reports
- Ongoing Investment Recommendation and Assistance

These services are provided by Optimum serving in the capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), the Plan Sponsor is provided with a written description of Optimum's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Advisor reasonably expects under the engagement.

#### **C. Client Account Management**

Prior to engaging Optimum to provide investment advisory services, each Client is required to enter into one or more agreements with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Strategy – Optimum, in connection with the Client, will develop a strategy that seeks to achieve the Client's goals and objectives.
- Asset Allocation – Optimum will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.
- Portfolio Construction – Optimum will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – Optimum will provide investment management and ongoing oversight of the Client's investment portfolio.

## D. Wrap Fee Programs

Optimum does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by Optimum.

## E. Assets Under Management

As of December 31, 2020, Optimum manages \$258,819,044 in Client assets, of which \$258,270,634 are managed on a discretionary basis and \$548,410 on a non-discretionary basis. Clients may request more current information at any time by contacting the Advisor.

## Item 5 – Fees and Compensation

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The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into one or more written agreements with the Advisor.

### A. Fees for Advisory Services

#### Investment Management Services

Investment advisory fees are paid quarterly, at the end of each calendar quarter, pursuant to the terms of the investment advisory agreement. Investment advisory fees are based on the average daily balance of assets under management during the quarter. Investment advisory fees are either at fixed annual rate ranging from 0.35% to 1.50% or based on one the following fee schedules below.

Client portfolios comprised solely of fixed income securities, mutual funds, and exchange-traded funds, the investment advisory fees are based on the following incremental schedule:

Assets Under Management (\$) *	Annual Rate (%)
First \$500,000	0.75%
Next \$500,000	0.65%
Next \$1,000,000	0.55%
Next \$3,000,000	0.45%
Next \$5,000,000	0.35%
Over to \$10,000,000	Negotiable

\* Accounts with \$150,000 or less are charged an annual rate of 1.00%

Client portfolios comprised of individual stocks, or portfolios that contain a portion of individual stocks and fixed income securities, mutual funds, and exchange-traded funds, the investment advisory fees are based on the following incremental schedule:

Assets Under Management (\$)	Annual Rate (%)
First \$500,000	1.00%
Next \$500,000	0.90%
Next \$1,000,000	0.80%
Next \$3,000,000	0.70%
Next \$5,000,000	0.60%
Over \$10,000,000	Negotiable

Client portfolios invested in the Growth Stock Strategy, which is comprised of individual stocks and exchange-traded funds, chosen purely for their growth characteristics, the investment advisory fees are based on the following incremental schedule:



<b>Assets Under Management (\$)</b>	<b>Annual Rate (%)</b>
First \$250,000	1.50%
Next \$250,000	1.25%
Next \$500,000	1.00%
Next \$1,000,000	0.90%
Above \$2,000,000	0.80%

The Growth Stock Strategy portfolios will not contain any fixed income securities but can hold cash or money market securities.

The investment advisory fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with the Advisor. All securities held in accounts managed by Optimum will be independently valued by the Custodian. Optimum will not have the authority or responsibility to value portfolio securities.

The Advisor's fee is exclusive of, and in addition to any applicable securities transaction and custody fees, and other related costs and expenses described in Item 5.C below, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs.

#### Investment Consulting Services

Optimum offers investment consulting services at a minimum hourly rate of \$150 per hour and requires at least a two (2) hour engagement. Fees may be negotiable based on the nature and complexity of the services to be provided and the overall relationship with the Advisor. An estimate for total hours and overall costs will be provided to the Client prior to engaging for these services.

#### Investment Management Platform

As noted above in Item 4, the Client's fee charged by the Investment Platform includes securities transaction fees for implementing and rebalancing the Client's account[s]. Optimum does not earn any compensation from Investment Platforms and does not charge its own advisory fee for assets referred to an Investment Platform.

#### Retirement Plan Advisory Services

Fees for retirement plan advisory services are charged an annual asset-based fee of up to 1.00%, billed at the end of each calendar quarter, pursuant to the terms of the agreement. Retirement plan fees are based on the average daily value of assets under management during the prior quarter. Fees may be negotiable depending on the size and complexity of the Plan.

### **B. Fee Billing**

#### Investment Management Services

Investment advisory fees are calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the end of each quarter. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the average daily balance of assets under management with Optimum during the prior quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. Clients are urged to also review and compare the statement provided by the Advisor to the brokerage statement from the Custodian, as the Custodian does not perform a verification of fees. Clients provide written authorization permitting advisory fees to be deducted by Optimum to be paid directly from their account[s] held by the Custodian as part of the investment advisory agreement and separate account forms provided by the Custodian.

#### Investment Consulting Services

Investment consulting services are invoiced by the Advisor and are due upon completion of the agreed upon deliverable[s].



#### Investment Management Platform

The Client's fee is separately billed and deducted from the Client's account[s] with the respective Investment Platform. The fee consists of the Investment Platform's investment management fee and the securities transaction fees charged by the Investment Platform.

#### Retirement Plan Advisory Services

Optimum is compensated for its services at end of the quarter after advisory services are rendered. Fees may be directly invoiced to the Plan Sponsor or deducted from the assets of the Plan, depending on the terms of the retirement plan advisory agreement.

### **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties, other than Optimum, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custody and securities execution fees charged by the Custodian, as applicable. The Advisor's recommended Custodian does not charge securities transaction fees for ETF and equity trades in a Client's account, provided that the account meets the terms and conditions of the Custodian's brokerage requirements. However, the Custodian typically charges for mutual funds and other types of investments. The fees charged by Optimum are separate and distinct from these custody and execution fees.

In addition, all fees paid to Optimum for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of Optimum, but would not receive the services provided by Optimum which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by Optimum to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

### **D. Advance Payment of Fees and Termination**

#### Investment Management Services

Optimum is compensated for its investment management services at the end of the quarter after services are rendered. Either party may terminate the investment advisory agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the investment advisory agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Client's investment advisory agreement with the Advisor is non-transferable without the Client's prior consent.

#### Investment Consulting Services

Optimum is compensated for its investment consulting services upon completion of the agreed upon deliverable[s]. Either party may terminate the investment consulting agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the investment consulting agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Client shall be billed for actual hours logged on the consulting project times the contractual hourly rate. The Client's investment consulting agreement with the Advisor is non-transferable without the Client's prior consent.

#### Investment Management Platform

The Client may terminate the account[s] with the Investment Platform, at any time, by providing advance written notice to the Investment Platform. The Client may be subject to other terms as provided through the tri-party agreement with the Investment Platform.

#### Retirement Plan Advisory Services

Either party may request to terminate their services with Optimum in whole or in part, by providing advance written notice to the other party. The Client shall be responsible for investment advisory fees up to and including the effective date of termination. The Client's retirement plan services agreement with the Advisor is non-transferable without the Client's written approval.

#### **E. Compensation for Sales of Securities**

Optimum does not buy or sell securities to earn commissions and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

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

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Optimum does not charge performance-based fees for its investment advisory services. The fees charged by Optimum are as described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any Client.

Optimum does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

#### **Item 7 – Types of Clients**

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Optimum offers investment advisory services to individuals, high net worth individuals, trusts, estates, partnerships, charitable organizations, businesses, and retirement plans. The amount of each type of Client is available on Optimum's Form ADV Part 1A. These amounts may change over time and are updated at least annually by the Advisor. Optimum generally does not impose a minimum relationship size.

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

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##### **A. Methods of Analysis**

Optimum employs fundamental, technical, and charting analysis in developing investment strategies for its Clients. Research and analysis from Optimum are derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

*Fundamental analysis* utilizes economic and business indicators as investment selection criteria. This criteria consists generally of ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

*Technical analysis* involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that The Herbst Group will be able to accurately predict such a reoccurrence.

*Charting analysis* utilizes various market indicators as investment selection criteria. These criteria are generally pricing trends that may indicate movement in the markets. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will

increase in value. Assets meeting the investment criteria utilized in the technical and charting analysis may lose value and may have negative investment performance. The Advisor monitors these market indicators to determine if adjustments to strategic allocations are appropriate.

As noted above, Optimum generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. Optimum will typically hold all or a portion of a security for more than a year but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, Optimum may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

## **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Optimum will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals. Please see Item 8.B. for risks associated with the Advisor's investment strategies as well as general risks of investing.

While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with the Advisor's investment strategies:

### Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

### ETF Risks

The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs has a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

### Mutual Fund Risks

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

### Quantitative/Algorithmic Investing

The Advisor's investment recommendations are based on proprietary algorithms. The risks associated with this type of investing are as follows:

- *Quantitative Risk*: The risk that the effectiveness of the quantitative strategy can dissipate over time as similar strategies are adopted and as the market becomes more efficiently priced.
- *Input Data Risk*: The risk that the information and data supplied to the algorithm is subject to input and quality errors. The Advisor's strategies depend on the accuracy and reliability of the data and the strategies may not function properly if the data proves to be incorrect or incomplete or is input incorrectly.
- *Programming Risk*: The Advisor's research and strategy development process is extremely complex, and the results of that process must then be translated into computer code. Although the Advisor seeks to hire individuals skilled in each of these functions and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform "real world" testing of the end product raises the chances that the finished algorithm may contain an error; one or more of such errors could adversely affect a client's portfolio.
- *System Risk*: The Advisor relies extensively on computer programs and systems in its proprietary algorithms to evaluate securities, to monitor its portfolio, and to generate reports that are critical to oversight of its activities. In addition, certain systems are operated by third party service providers. The Advisor may not always be in the best position to verify the risks or reliability of such third-party systems. These programs or systems, whether operated by a third party or not, may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by computer "worms," viruses and power failures. Any such defect or failure could have a material adverse effect on the Advisor's activities. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the Advisor's ability to monitor its investment portfolios and its risks.
- *Operational Risk*: The Advisor has developed systems and procedures to control operational risk. Operational risks arising from mistakes made in the trading confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in The Advisor's operations may cause the Advisor to suffer financial loss; the disruption of its business; liability to Clients or third parties; regulatory intervention; or reputational damage. The Advisor relies heavily on its financial, accounting and other data processing systems.

### Commodity Risks

Exposure to the commodities markets may subject a strategy to greater volatility than investments in traditional securities. Prices of commodities and related contracts may fluctuate significantly over short periods for a variety of factors, including changes in supply and demand relationships, wealth, agriculture, trade, fiscal, monetary, and exchange control programs, disease, pestilence, acts of terrorism, embargoes, tariffs, and international economic, political, military, and regulatory developments.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.**

### **Item 9 – Disciplinary Information**

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**There are no legal, regulatory, or disciplinary events involving Optimum or its management persons.**

Optimum values the trust Clients place in the Advisor. The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor or Advisory Persons are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 105878.

## Item 10 – Other Financial Industry Activities and Affiliations

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### Investment Management Platform

As noted in Item 4, the Advisor may implement all or a portion of a Client's investment portfolio with one or more Investment Platforms. To eliminate any conflict of interest, the Advisor does not earn any compensation from an Investment Platform[s]. Additionally, the Advisor will not charge its own investment advisory fee for assets referred to an Investment Platform.

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

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### **A. Code of Ethics**

Optimum has implemented a Code of Ethics (the "Code") that defines the Advisor's fiduciary commitment to each Client. This Code applies to all persons associated with Optimum ("Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding the Advisor's duties to each Client. Optimum and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Optimum's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code, please contact the Advisor at (601) 981-5900.

### **B. Personal Trading with Material Interest**

Optimum allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Optimum does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund or advise an investment company. Optimum does not have a material interest in any securities traded in Client accounts.

### **C. Personal Trading in Same Securities as Clients**

Optimum allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through policies and procedures. As noted above, the Advisor has adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by Optimum requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer ("CCO") or delegate. The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information.

### **D. Personal Trading at Same Time as Client**

While Optimum allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterwards. **At no time will Optimum, or any Supervised Person of Optimum, transact in any security to the detriment of any Client.**

## Item 12 – Brokerage Practices

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### **A. Recommendation of Custodian[s]**

Optimum does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize Optimum to direct trades to the Custodian as agreed upon in the investment advisory agreement. Further, Optimum does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.



Where Optimum does not exercise discretion over the selection of the Custodian, it may recommend the Custodian to Clients for custody and execution services. Clients are not obligated to use the Custodian recommended by the Advisor and will not incur any extra fee or cost associated with using a custodian not recommended by Optimum. However, the Advisor may be limited in the services it can provide if the recommended Custodian is not engaged. Optimum may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and its reputation and/or the location of the Custodian's offices. Optimum primarily recommends that Clients establish their account[s] with either Fidelity Clearing & Custody Solutions and related entities of Fidelity Investments, Inc. ("Fidelity") a FINRA-registered broker-dealer and member SIPC. Fidelity will serve as the Client's "qualified custodian."

The Advisor will also recommend that Clients use MTG, LLC dba Betterment Securities ("Betterment Securities"), a FINRA-registered broker-dealer and member SIPC, to manage Client assets on the Betterment Institutional platform.

Optimum maintains an institutional relationship with Fidelity and Betterment Securities, whereby the Advisor receives economic benefits from Fidelity and Betterment Securities. For additional information, please see Item 14 below.

Following are additional details regarding the brokerage practices of the Advisor:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. **Optimum does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, the Advisor receives certain economic benefits from the Custodian. Please see Item 14 below.**

**2. Brokerage Referrals** - Optimum does not receive any compensation from any third party in connection with the recommendation for establishing an account.

**3. Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where Optimum will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). Optimum will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

## **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. Aggregation of accounts is often referred to as a 'block trade.' Optimum will execute its transactions through the Custodian as authorized by the Client.

Optimum may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts in the same trading day. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Clients' accounts.

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Securities in Client accounts are monitored on a regular and continuous basis by Advisory Persons of Optimum. Formal reviews are generally conducted at least quarterly or more frequently depending on the needs of the Client.

## **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account[s]. The Client is encouraged to notify Optimum if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

## **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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

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### **A. Compensation Received by Optimum**

#### Participation in Institutional Advisor Platform (Fidelity)

Optimum has established an institutional relationship with Fidelity to assist the Advisor in managing Client account[s]. Access to the Fidelity Institutional platform is provided at no charge to the Advisor. The Advisor receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at Fidelity. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of this Custodian over one that does not furnish similar software, systems support, or services.

Additionally, the Advisor may receive the following benefits from Fidelity: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information. The Advisor will also receive credits from Fidelity which can be used toward qualifying third-party service providers used in connection with the initial set up of the Firm's research technology, and software platforms.

#### Investment Management Platform

As noted in Item 12, the Advisor has also established an institutional relationship with Betterment Securities under an investment and advice platform Betterment Institutional. Betterment Institutional makes available various support services to help manage or administer Client account[s], Betterment Institutional support services are generally available on an unsolicited basis and come at no cost to the Advisor. The following are the benefits Betterment Institutional support services may provide:

*Investment Products* – Betterment Institutional includes access to a range of investment products, execution of securities transactions, basic account aggregation, planning tools and custody of client assets through Betterment Securities.

*Direct Benefits* – Betterment Institutional may provide Clients with online tools to project expected returns, plan for retirement, understand risk, access information related to transactions, and review prior performance.

*Indirect Benefits* – Betterment Institutional may provide the Advisor with benefits that may not directly benefit the Client. These products and Services assist the Advisor by providing technology to better monitor and administer Client account[s]. This software and technology may:



- Assist with back-office functions, recordkeeping, and client reporting of Client account[s]
- Provide access to Client account[s] data (such as duplicate trade confirmation and account statements)
- Provide pricing and other market data
- Assist with back-office functions, recordkeeping, and client reporting

*Advisor Benefits* – The Advisor may be offered other services, which will help manage and further develop business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession.

Also, as noted in Item 4, the Advisor may implement all or a portion of a Client's investment portfolio with one or more Investment Platforms. To eliminate any conflict of interest, the Advisor does not earn any compensation from an Investment Platform[s]. Additionally, the Advisor will not charge its own investment advisory fee for assets referred to an Investment Platform.

## **B. Client Referrals from Solicitors**

Optimum has in the past, and may in the future, establish a referral arrangement with other advisors, insurance agents, or other parties where it pays a referral fee to these parties in exchange for referrals that actually become investment clients of Optimum. This referral agreement must be in writing, signed by both parties, and the fee arrangement clearly disclosed. If the referring party is not a registered investment advisor, the arrangement must be approved by the State of Mississippi, and Optimum must receive a "No-Action Letter" from the state's securities commission. This arrangement is tightly regulated and requires that the referring person provide the potential client a copy of Optimum's Form ADV Part 2A and Part 2B at the first meeting in which the referral is discussed and obtains acknowledgement from the potential client that they are aware of the agreement, and that the referring party will receive compensation from Optimum for the referral if they become an actual client. The referred party, upon becoming a client of Optimum, must sign a separate document acknowledging they are aware of the compensation arrangement which must be fully disclosed, and Optimum must acknowledge that the client will not pay more than other clients for investment management services of Optimum.

If a Client is introduced to Optimum by either an unaffiliated party or by an Optimum affiliate, Optimum may pay that solicitor a referral 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 referral fee shall be paid solely from the investment management fees earned by Optimum and shall not result in any additional charge to the Client.

## **Item 15 – Custody**

Optimum does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Advisor's fees. All Clients must place their assets with a "qualified custodian". Clients are required to engage the Custodian to retain their funds and securities and direct Optimum to utilize that Custodian for the Client's security transactions. Clients should review statements provided by the Custodian and compare to any reports provided by Optimum to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12 – Brokerage Practices.

## **Item 16 – Investment Discretion**

Optimum generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed

to by Optimum. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment advisory agreement containing all applicable limitations to such authority. All discretionary trades made by Optimum will be in accordance with each Client's investment objectives and goals.

Under limited circumstances, Optimum may manage accounts on a non-discretionary basis. In these instances, Optimum provides recommendations to Clients and if recommendations are approved, Optimum will implement in accordance with the Client's instructions.

### **Item 17 – Voting Client Securities**

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Optimum does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

### **Item 18 – Financial Information**

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Neither Optimum, nor its management, have any adverse financial situations that would reasonably impair the ability of Optimum to meet all obligations to its Clients. Neither Optimum, nor any of its Advisory Persons, have been subject to a bankruptcy or financial compromise. Optimum is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.

## Privacy Policy

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Effective: March 24, 2021

### Our Commitment to You

Optimum Financial Services, LLC ("Optimum" or the "Advisor") is committed to safeguarding the use of personal information of our Clients (also referred to as "you" and "your") that we obtain as your Investment Advisor, as described here in our Privacy Policy ("Policy").

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. Optimum (also referred to as "we", "our" and "us") protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you.

Optimum does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Policy.

### Why you need to know?

Registered Investment Advisors ("RIAs") must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

### What information do we collect from you?

Driver's license number	Date of birth
Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number[s]	Income and expenses
E-mail address[es]	Investment activity
Account information (including other institutions)	Investment experience and goals

### What Information do we collect from other sources?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

### How do we protect your information?

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect Client's personal information.

We require third parties that assist in providing our services to you to protect the personal information they receive from us.

### How do we share your information?

An RIA shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
<b>Servicing our Clients</b> We may share non-public personal information with non-affiliated third parties (such as administrators, brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting.	Yes	No
<b>Marketing Purposes</b> Optimum does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where Optimum or the client has a formal agreement with the financial institution. <b>We will only share information for purposes of servicing your accounts, not for marketing purposes.</b>	No	Not Shared
<b>Authorized Users</b> Your non-public personal information may be disclosed to you and persons that we believe to be your authorized agent[s] or representative[s].	Yes	Yes
<b>Information About Former Clients</b> Optimum does not disclose and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our Clients.	No	Not Shared

### Changes to our Privacy Policy

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise this Policy and will provide you with a revised Policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

### Any Questions?

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (601) 981-5900.