

# RESOURCE MANAGEMENT, LLC.

SEC FILE # 801-55855

## **ADV Part 2A, Firm Brochure**

**Dated: March 3, 2021**

Contact: D. Randolph Waesche, Chief Compliance Officer

3330 West Esplanade Ave. South

Suite 509

Metairie, LA 70002

504-833-5378

[randy@rmiadvisors.com](mailto:randy@rmiadvisors.com)

[www.rmiadvisors.com](http://www.rmiadvisors.com)

This brochure provides information about the qualifications and business practices of Resource Management, LLC. If you have any questions about the contents of this brochure, please contact us at 504-833-5378 or [randy@rmiadvisors.com](mailto:randy@rmiadvisors.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 Resource Management, LLC. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Resource Management, LLC. 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**

Since the last Annual Amendment filing on March 21, 2020, this Firm Brochure has not been materially amended. Certain non-material amendments have been made at Item 4 concerning our advisory services and ownership. Items 5 and 7 have been amended to reflect a change in our minimum fee.

## **Item 3           Table of Contents**

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

#### Item 4            Advisory Business

- A. Resource Management, LLC., (the “Registrant”) is a limited liability company that originally formed as a Louisiana corporation in 1983, and became a Louisiana limited liability company on November 1, 2012. The Registrant became an SEC-Registered Investment Adviser Firm on September 2, 1998. The Registrant is principally owned by Family Wealth Management, LLC, a family holding company of D. Randolph Waesche. D. Randolph Waesche is the managing member of the firm.
- B. As discussed below, the Registrant offers to its clients (individuals, high net worth individuals, charitable organizations, pension and profit sharing plans, business entities, etc.) discretionary and/or non-discretionary investment advisory services, financial planning services, retirement plan consulting services, and other consulting services.

#### **INVESTMENT ADVISORY AND FINANCIAL PLANNING SERVICES**

The client can engage the Registrant to provide discretionary and/or non-discretionary investment advisory services bundled with financial planning and consulting services on a *fee-only* basis. The Registrant’s annual investment advisory fee shall include investment advisory services and financial planning/consulting services, which is generally a fixed fee based on the amount of time Registrant anticipates it will spend and the complexity of services to be provided for a particular account.

Before engaging the Registrant to provide investment advisory and financial planning/consulting 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 prior to Registrant commencing services.

The Registrant provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client’s investment objective(s) and prepare a financial plan. Thereafter, the Registrant will allocate investment assets consistent with the designated investment objective(s). The Registrant primarily allocates client investment assets among various individual equity (stocks), debt (bonds), mutual funds and/or exchange traded funds (“ETFs”) on a discretionary and/or non-discretionary basis in accordance with the client’s designated investment objective(s). Once allocated, the Registrant provides ongoing monitoring and review of the client’s financial plan, including account performance, asset allocation and client investment objectives.

To the extent requested by the client, Registrant may recommend the services of other professionals for implementation purposes. The client is 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 from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client’s responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant’s previous recommendations and/or services.

## **RETIREMENT PLAN CONSULTING**

The Registrant also provides non-discretionary retirement plan consulting services, in the capacity of a 3(21) and 3(38) advisor, pursuant to which it assists sponsors of self-directed retirement plans organized under the Employee Retirement Security Act of 1974 (“ERISA”), with the selection and/or monitoring of investment alternatives (generally open-end mutual funds and exchange traded funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, the Registrant shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between the Registrant and the plan sponsor.

**Trustee Directed Plans.** Registrant may be engaged to provide discretionary investment advisory services to ERISA retirement plans, whereby the Firm shall manage Plan assets consistent with the investment objective designated by the Plan trustees. In such engagements, Registrant will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 (“ERISA”). Registrant will generally provide services on an “assets under management” fee basis per the terms and conditions of an Investment Advisory Agreement between the Plan and the Firm.

**Participant Directed Retirement Plans.** Registrant may also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a Retirement Plan Services Agreement between Registrant and the plan. For such engagements, Registrant shall assist the Plan sponsor with the selection of an investment platform from which Plan participants shall make their respective investment choices (which may include investment strategies devised and managed by Registrant), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision making process.

## **TAX PREPARATION SERVICES**

To the extent requested by the client, Registrant *may* determine to provide tax preparation services on a stand-alone separate fee basis.

## **MISCELLANEOUS**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** To the extent requested by a client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. The Registrant will typically provide these consulting services inclusive of its advisory fee set forth at Item 5 below (exceptions could occur based upon assets under management, special projects, stand-alone financial planning engagements etc. for which the firm may charge a separate or additional fee). **Please Note.** The Registrant believes that it is important for the client to address financial planning issues on an ongoing basis. Registrant’s advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with Registrant. The Registrant does not serve as a law firm, accounting firm, or insurance agency, and no portion of Registrant’s services should be construed as legal, accounting, or insurance implementation services. Neither the Registrant, nor its investment adviser representatives, assist clients with the implementation of any financial plan, unless they have agreed to do so in writing. Accordingly, Registrant does not prepare

estate planning documents or sell insurance products. In addition, the Registrant does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with the Registrant, if desired. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). Clients are reminded that they 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. If, and when, the Registrant is involved in a specific matter (i.e. estate planning, insurance, accounting-related engagement, etc.), it is the engaged licensed professionals (i.e. attorney, accountant, insurance agent, etc.), and not the Registrant, that is responsible for the quality and competency of the services provided.

**Risks Associated With Margin Loans.** Registrant may occasionally recommend the use of margin loans in which the client would leverage borrowed assets as collateral for the purchase of additional securities. However, Registrant may recommend that a client establish a margin account with the client's broker-dealer/custodian for financial planning and cash flow management purposes. For example, Registrant may deem it advisable for a client to borrow money on margin to pay bills or other expenses such as financing the purchase, construction, or maintenance of a real estate project. Clients interested in learning more about the potential tax benefits of borrowing money on margin should consult with an accountant or tax advisor.

The terms and conditions of each margin loan are contained in a separate agreement between the client and the broker-dealer selected by the client, which terms and conditions may vary from client to client. Borrowing funds on margin is not suitable for all clients and is subject to certain risks, including but not limited to: increased market risk, increased risk of loss, especially in the event of a significant downturn; liquidity risk; the potential obligation to post collateral; or the risk that the margin lender may liquidate the client's securities to satisfy a margin call. Before agreeing to participate in a margin program, clients should carefully review the applicable margin agreement and all risk disclosures provided by the margin loan provider, including the initial margin and maintenance requirements for the specific program in which the client enrolls, and the procedures for issuing "margin calls" and liquidating securities and other assets in the client's accounts.

**Increased Portfolio Risk, Including the Risk for Potential Losses in the Event of a Downturn -** Borrowing money on margin to pay bills or other expenses increases a client's level of exposure to market risk and volatility. The more money a client borrows on margin, the greater the market risk. In some circumstances, clients may lose more money than they originally invested and borrowed. As the marginable investments in a client's portfolio provide the collateral for the margin loan, the value of that collateral fluctuates according to market activity, while the amount the client borrows stays the same.

Margin loans may present certain maintenance requirements. If the value of the client's portfolio securities decline in value, so does the value of the collateral supporting the margin. If the account value declines to a certain level, the margin loan provider will issue a "Maintenance Call" (also referred to as a "margin call"). In that event, the client would be required to post additional collateral or repay the margin within a specified period of time. The margin lender is entitled to increase its Maintenance Requirement at any time, without having to provide prior written notice to the borrower. As a result, borrowers are subject to risk of repayment of the loan and should be aware of such risks when foregoing a traditional mortgage to finance a real estate purchase.

If the borrower is unable to add additional collateral to their account or repay the margin loan with readily available cash, the margin loan provider can typically liquidate the borrower's securities and keep the cash to satisfy the Maintenance Call. When liquidating the securities of the borrower's investment portfolio, the margin loan provider usually reserves the right to decide which securities to sell to protect its interests, and is not necessarily required to provide written notice of its intentions to liquidate. Accordingly, clients who borrow money through margin should be aware of this risk and that such risk is not limited to the margin in the client's account which could result in the client having to owe additional money or collateral after the positions are liquidated. It is therefore possible that a client can lose more money than what the client originally invested into the portfolio.

**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.

**Retirement Rollovers-Potential for 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 the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the 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, D. Randolph Waesche, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

**Use of Mutual and Exchange Traded Funds:** Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by Registrant independent of engaging Registrant as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Registrant's initial and ongoing investment advisory services. In addition to Registrant's investment advisory fee described below, and transaction and/or custodial fees discussed below, 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).

**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 *Charles Schwab & company* ("*Schwab*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* 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 *Schwab*, do not currently charge fees on individual equity transactions, others do). When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom Registrant and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a “trade-away” fee charged by *Schwab*. 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, D. Randolph Waesche, remains available to address any questions that a client or prospective client may have regarding the above.**

**Please Note: Fee Differentials.** As indicated in Item 5 below, the Registrant shall price its advisory services based upon various objective and subjective factors. As a result, Registrant’s clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered and client negotiations. As a result of these factors, similarly situated clients could pay diverse fees, and 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. **Before engaging Registrant to provide investment advisory services, clients are required to enter into a discretionary or non-discretionary Investment Advisory Agreement, setting forth the terms and conditions of the engagement (including termination), which describes the fees and services to be provided. ANY QUESTIONS: Registrant’s Chief Compliance Officer, D. Randolph Waesche, remains available to address any questions regarding Fee Differentials**

**Non-Discretionary Service Limitations.** Clients that determine to engage Registrant on a non-discretionary investment advisory basis must be willing to accept that Registrant cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Therefore, in the event that Registrant would like to make a transaction for a client’s account (including in the event of an individual holding or general market correction), and the client is unavailable, the Registrant will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client’s consent

**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, fund manager tenure, style drift, account additions/withdrawals, 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. ANY QUESTIONS: The Registrant's Chief Compliance Officer D. Randolph Waesche, remains available to address any questions that a client or prospective may have regarding the above fee billing practice

**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 Registrant) will be profitable or equal any specific performance level(s).

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

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable 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 \$1,725,010,627 in assets under management on a discretionary basis and no assets under management on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **A. INVESTMENT ADVISORY AND FINANCIAL PLANNING SERVICES**

The client can engage the Registrant on a negotiable, *fee-only* basis to provide discretionary and/or non-discretionary investment advisory services bundled with financial planning and consulting services. Registrant's annual investment advisory fee typically ranges between negotiable and \$50,000 dollars, but may be reduced at the sole discretion of the Registrant depending upon the level and scope of service(s) required and the professional rendering the service(s).

Registrant's annual investment advisory fee is negotiable and shall be based upon various objective and subjective factors, including but not limited to: the dollar amount of the assets placed under Registrant's direct management, portfolio composition, the complexity of the engagement, the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; and the level and scope of the overall investment advisory services to be rendered and negotiations. Thus, similarly situated clients could pay diverse fees, and the services to be provided by Registrant to any particular client could be available from other advisers at lower fees. A very limited minority of Registrant's clients pay an annual fee based strictly upon the amount of assets under management. For these clients, the annual investment advisory fee is generally one



half of one percent (0.50%). Before engaging Registrant to provide investment advisory services, clients are required to enter into a discretionary or non-discretionary *Investment Advisory Agreement*, setting forth the terms and conditions of the engagement (including termination), which describes the fees and services to be provided, and the fee that is due from the client prior to Registrant commencing services. (*Also See* Item 7 below) All clients and prospective clients should be guided accordingly. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, D. Randolph Waesche, remains available to address any questions regarding Fee Differentials.

#### **RETIREMENT CONSULTING**

The Registrant also provides discretionary and/or non-discretionary pension/retirement plan consulting services where it charges a negotiable annual fee for Retirement Plan Consulting Services which generally ranges between negotiable and \$20,000 depending on the scope and complexity of the services requested and the size of the plan. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between the Registrant and the plan sponsor.

#### **TAX PREPARATION SERVICES**

To the extent requested by the client, Registrant *may* determine to provide tax preparation services on a stand-alone separate flat-fee basis ranging between \$1,500 and \$5,000 depending upon the complexity of the engagement. Registrant and the client will agree upon the specific fee before Registrant commences tax preparation services.

- B. As a general practice, the Registrant bills clients for its services. When the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. However, clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* 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. When the Registrant's fees are deducted directly from the Client's account, the Registrant shall deduct fees and/or bill clients annually in advance.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that *Schwab* serve as the broker-dealer/custodian for client investment advisory assets. Broker-dealers such as *Schwab* charge brokerage transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, and fixed income securities transactions). In addition to Registrant's investment advisory fee and brokerage transaction 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). When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom Registrant and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by the withdrawing broker-dealer).
- D. Registrant's annual investment advisory fee shall be prorated and paid annually, in advance. The Registrant generally requires a minimum annual investment advisory fee of \$3,500. The Registrant, in its sole discretion, may charge a lesser investment advisory fee

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.). The *Investment Advisory Agreement* 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 *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining annual and/or the number of days provided in the *Investment Advisory Agreement*.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

## **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 generally include individuals, high net worth individuals, corporations and charitable organizations. The Registrant generally requires a minimum annual investment advisory fee of \$3,500. The Registrant, in its sole discretion, may charge a lesser investment advisory fee 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. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, D. Randolph Waesche, remains available to address any questions that a client or prospective client may have regarding advisory fees.

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

- A. Registrant may 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); and
  - Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices).

The Registrant may 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)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. 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).

- B. The Registrant's method of analysis and investment strategy does 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 and Short Term Purchases 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.

- C. Currently, the Registrant primarily allocates client investment assets among various individual equity (stocks), debt (bonds), mutual funds and/or ETFs on a discretionary and/or non-discretionary basis in accordance with the client's designated investment objective(s).

Risks associated with these asset types include:

1. Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
  - a. Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
2. Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

3. **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
4. **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
5. **Market Risk (Systematic Risk):** Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of your portfolio will fluctuate, there is a risk that you will lose money.
6. **Unsystematic Risk:** Unsystematic risk is the company-specific or industry-specific risk in a portfolio. The combination of systematic (market risk) and unsystematic risk is defined as the portfolio risk that the investor bears. While the investor can do little to reduce systematic risk, he or she can affect unsystematic risk. Unsystematic risk may be significantly reduced through diversification. However, even a portfolio of well-diversified assets cannot escape all risk.
7. **Credit Risk:** Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value, and thus, impact performance. Credit risk is greater for fixed income securities with ratings below investment grade (BB or below by Standard & Poor's Rating Group or Ba or below by Moody's Investors Service, Inc.). Fixed income securities that are below investment grade involve higher credit risk and are considered speculative.
8. **Income Risk:** Income risk is the risk that falling interest rates will cause the investment's income to decline.
9. **Call Risk:** Call risk is the risk that during periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.
10. **Purchasing Power Risk:** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply. Rising inflation means that if you have \$1,000 and inflation rises 5 percent in a year, your \$1,000 has lost 5 percent of its value, as it cannot buy what it could buy a year previous.
11. **Political Risks:** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
12. **Regulatory Risk:** Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more

susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.

13. Risks Related to Investment Term: Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not what we believe it is truly worth. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value.

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as ETFs and mutual funds are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss. As such, a mutual fund or ETF client or investor may incur substantial tax liabilities even when the fund underperforms.

Shares of mutual funds are distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholder's fees (e.g., sales loads, purchase fees, redemption fees). The per-share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes in the market value of the fund's holdings. The trading prices of a mutual fund's shares can differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies can cause the shares to trade at a premium or discount to their pro-rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist.

## **Item 9           Disciplinary Information**

The Registrant has not been the subject of disciplinary action that is reportable in this item.

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

- A. Neither the Registrant, nor its representatives are registered or have an application pending to register as a broker-dealer or registered representative of a broker-dealer.
- 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 advisor, or a representative of the foregoing.
- C. The Registrant has no other relationship or arrangement with a related person that is material to its advisory business.

- D. The Registrant does not recommend or select other investment advisors for its clients for which it receives compensation.

**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. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- 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 Person 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. Furthermore, Access Persons must provide the Chief Compliance Officer with a quarterly transaction report, detail all trades in the Access Person's account during the previous quarter; and on an annual basis, each Access Persons must provide the Chief Compliance Officer with a written report of the Access Person's current securities holdings. However, at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- 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. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment advisory accounts be maintained at *Schwab*. Prior to engaging Registrant to provide investment advisory 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.

Factors that the Registrant considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service.

Broker-dealers such as Schwab can charge transaction fees for effecting certain securities transactions (*See* Item 4 above). To the extent that a transaction fee will be payable by the client to Schwab, the transaction fee shall be in addition to Registrant's investment advisory fee referenced in Item 5 above.

To the extent that a transaction fee is payable, Registrant shall have a duty to obtain best execution for such transaction. However, that does not mean that the client will not pay a transaction fee that is higher than another qualified broker-dealer might charge 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 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 advisory 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.

### 1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant receives from *Schwab* (or another 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.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding

commitment made by the Registrant to *Schwab* 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, D. Randolph Waesche, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest created by such arrangement.**

2. The Registrant does not receive referrals from broker-dealers.
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 their 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. **Please Also Note:** Higher transaction costs adversely impact account performance. **Please Further 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, D. Randolph Waesche, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. Order Aggregation: To the extent that the Registrant provides investment advisory 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. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principal. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- 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 monthly written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.

### Item 14      Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant receive an indirect economic benefit from *Schwab*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *Schwab*.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab* 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, D. Randolph Waesche, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest created by any such arrangement.**

- B. The Registrant does not compensate, directly or indirectly, any person for client referrals.

### Item 15      Custody

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided monthly with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

**Please Note:** Custody Situations: The Registrant engages in other practices and/or services on behalf of its clients that require disclosure at the Custody section of Part 1 of Form ADV, which practices and/or services are subject to an annual surprise examination by an independent CPA in full compliance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940. **The Registrant's Chief Compliance Officer, D. Randolph Waesche, remains available to address any questions that a client or prospective client may have regarding custody-related issues.**

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **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 or non-discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, client shall be required to enter into a formal *Investment Advisory Agreement*, setting forth the terms and conditions under which the Registrant shall manage client assets and naming the Registrant as client's attorney and agent in fact, and 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. Client will enter into a separate custodial/clearing agreement with each designated broker-dealer custodian.

Clients who engage the Registrant on a discretionary basis may, at anytime, 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. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities 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 has submitted a balance sheet for its most recent fiscal year as part of this filing.

- 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, D. Randolph Waesche, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**