

**Item 1 – Cover Page**



**Firm Brochure**

Part 2A of Form ADV

**March 2021**

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Chadds Ford, PA 19317  
(610) 459-8872

**[www.CharteredAdvisoryGroup.com](http://www.CharteredAdvisoryGroup.com)**

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This brochure provides information about the qualifications and business practices of Chartered Advisory Group®. If you have any questions about the contents of this brochure, please contact us at (610) 459-8872. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Chartered Advisory Group® is available on our website ([www.CharteredAdvisoryGroup.com](http://www.CharteredAdvisoryGroup.com)) and on the SEC's Investment Adviser Public Disclosure website ([www.investor.gov](http://www.investor.gov)). You can view our information on the SEC's website by searching our Firm Name: Chartered Advisory Group, Inc., our CRD#: 116517, or our SEC# 801-72496.

Registration as an investment advisor does not imply a certain level of skill or training.

## Item 2 – Material Changes

Our current Firm Brochure (Part 2A of Form ADV) will be available to our existing and prospective clients 24 hours a day on our website ([www.CharteredAdvisoryGroup.com](http://www.CharteredAdvisoryGroup.com)) and through the SEC's Investment Adviser Public Disclosure website ([www.investor.gov](http://www.investor.gov)). We may, at any time, update our Firm

Brochure, and if we make any material changes relating to Item 9 (disciplinary information), we will provide you either: (i) a copy of our Firm Brochure that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Firm Brochure. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

Since our June 2020 other than annual update, we have made the following changes to our Brochure.

### **MARCH 2021**

1. As of April 2020, we managed \$147,263,247. The current amount of client assets under our management is \$147,555,079. Please refer to Item 4 – Advisory Business for more details.

To receive a complete copy of our Brochure at no charge, please call us at 800-461-5603.

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## Item 4 – Advisory Business

### **Ownership**

Chartered Advisory Group, Inc. ("CAG" or "Advisor" or "we") is an investment advisor registered with the Securities and Exchange Commission since June 2011. We were previously registered with our home state of Pennsylvania since August 2001 and registered in other states as well. We are a Pennsylvania corporation and our sole owner is William H. Kantner IV.

### **General Description of Primary Advisory Services**

We offer personalized investment advisory services including financial planning and asset management services. The following are brief descriptions of our primary services. A detailed description is provided in **Item 5, Fees and Compensation**, so that clients and prospective clients ("clients" or "you") can review the services and description of fees more thoroughly.

#### ***Financial Planning Services***

Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning and other areas. The role of a financial planner is to find ways to help clients understand their overall financial situation and help them set financial objectives.

We offer advisory services in the form of consultations on any area of concern to you including, but not limited to retirement planning and estate issues.

#### ***Asset Management Services***

We offer asset management services providing you with continuous and on-going supervision over your accounts. This means that we continuously monitor your account and make trades in that account when necessary.

#### ***Outside Money Managers***

We also refer or recommend clients use outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continuously monitoring client accounts and making trades client accounts when necessary. These services are provided in various forms through the Independent Management Assets program described in *Item 5 – Fees and Compensation*.

### **Specialization**

We specialize in creating customized retirement income plans for our clients. We also specialize in creating and managing time-segmented investment strategies to support those plans. As the name suggests, a time-segmented investment approach segregates assets according to when they are needed for income and uses investments believed appropriate for each segment's timeframe. Typically, the two prioritized goals of a time-segmented investment strategy are providing lifetime income and creating a legacy asset to pass on to heirs.

### **Limits Advice to Certain Types of Investments**

We generally limit our investment advice to the following types of investments:

- Exchange-listed securities
- Securities traded over-the-counter
- Certificates of deposit
- Variable annuities
- Fixed and equity-indexed annuities
- Mutual fund shares

However, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

Please refer to **Item 5, Fees and Compensation**, and **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss** for more information.

### **Tailor Advisory Services to Individual Needs of Clients**

Our services are always provided based on your specific needs. You have the ability to impose restrictions on your accounts, including specific investment selections and sectors. However, we will not enter into an investment advisor relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

### **Wrap Fee Program versus Portfolio Management Program**

We offer services through wrap fee management programs. In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap fee programs, advisory services (including portfolio management or advice regarding selecting other investment advisors) and transaction services are provided for one fee. The Managed Opportunities Program (described in **Item 5, Fees and Compensation**) is a wrap fee program. Whenever a fee is charged to a client for services described in this Disclosure Brochure, we will receive all or a portion of the fee charged.

### **Client Assets Managed by Advisor**

The amount of clients' assets managed by Advisor totaled \$147,555,079 as of December 31, 2020, with \$24,966,489 managed on a discretionary basis and \$122,588,590 managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

In addition to the information provided in **Item 4, Advisory Business**, this section provides additional details regarding our services along with descriptions of each service's fees and compensation arrangements.

### **Financial Planning Services**

#### ***Consultations***

Consultation services include any area of concern to you including, but not limited to, retirement planning and estate issues. Additionally, our investment advisor representatives ("representatives") provide advice on non-securities matters, generally in connection with rendering retirement planning, insurance and/or annuity advice.

We rely on the information provided by you. Therefore, it is very important that the information you provide is complete and accurate. We are not responsible for verifying the information supplied by you or your other professional consultants (i.e., attorney, accountant, etc.).

Our financial recommendations are not limited to any specific product or service offered by a broker/dealer or insurance company. We request that you notify us if there is ever a change in your financial situation or investment objectives so that we can review, evaluate and/or revise any prior recommendations made or services provided.

Typically, there is no charge for consultation services. However, we reserve the right to charge up to \$350 per hour in circumstances that would exceed the scope of our typical consulting services. We notify you and get your consent prior to engaging in any consultation services for which you are charged this fee. If a fee is charged, it is negotiable based upon the nature and complexity of your circumstances. Consultation fees are due and payable as incurred.

Our services do not include legal or tax advice. We urge you to work closely with your attorney, accountant or other professional consultants regarding your financial and personal situation. If you require assistance from outside professionals (i.e., attorney, CPA, accountant), you are responsible for all fees charged by these professionals, even in cases where you may request that we consult with such outside professional(s). You

assume all responsibility for any fees incurred as a result of any consultations. If the professional consultant fees incurred are billed directly to us, we pass those fees incurred onto you. We do not provide any legal or tax services as part of our consultation services.

You are required to sign a Consulting Agreement when contracting for consultation services and it remains in force until terminated by you or by us. Services can be terminated by either of us by providing written notice to the appropriate party. Termination is effective immediately. If you terminate services within five business days of signing the Consulting Agreement, services are terminated without penalty. After the initial five business days, you are responsible for the time and expenses incurred by our representatives prior to termination. Fees are due upon receiving our billing statement.

### **Asset Management Services**

Some of our clients elect to engage us to provide fee-based asset management services where we are solely responsible for making all investment recommendations and also for making changes to the managed account. If you elect to engage us for this service, we develop an individualized investment program for your account(s). We provide various investment strategies through our management services; a specific investment strategy is crafted for you and focuses on your specific goals and objectives. When managing assets, we may also utilize model portfolios provided by us or by institutional investment strategists and/or introduce you to investment managers who provide discretionary management of individual portfolios. Asset management services are separate from and in addition to the financial planning services previously discussed.

To provide these services, we need to obtain certain information from you to determine your financial situation and investment objectives. We request that you contact us if your financial situation or investment objectives have changed, or if you want to impose and/or modify any reasonable restrictions on your managed accounts. We are always reasonably available to consult with you relative to the status of your accounts. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities. Your beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account. A separate account is maintained for you with the custodian and you retain right of ownership of the account (e.g., the right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations).

It is important that you understand we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions we take for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in allocating investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed appropriate for your account(s), and other accounts advised by us, equitably and consistent with the best interests of all accounts involved. However, there is no assurance that a particular investment opportunity that comes to our attention is allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to you or any other client or use it for any client's benefit.

### **Managed Opportunities Program**

We have established a relationship with Securities America Advisors, Inc. ("SAA"), an investment advisor registered with the Securities and Exchange Commission, to participate in its Managed Opportunities Program ("Managed Opportunities"). Managed Opportunities is a wrap fee program developed by SAA that provides clients with the opportunity to establish Mutual Fund Portfolios, Separate Account Portfolios, and Unified Managed Account Portfolios developed by third party money managers who are registered as investment advisors (collectively referred to as sub-advisors). If you were to establish an account using one of these options, SAA would act as the investment advisor and we would act in a referral capacity.

The Managed Opportunities Program also offers an Advisor Managed Portfolios ("AMP") option. Through this option, we are able to design investment management and asset allocation portfolios for you. If you were to establish an account using the Advisor Managed Portfolios option, we would act as the investment advisor, and not in a referral capacity.

We currently utilize only the Advisor Managed Portfolios option of Managed Opportunities, and do not refer clients to any of the third party money managers offered through the program. Using the Advisor Managed

Portfolios option, we build and manage our own model portfolios that are used according to our clients' investment objectives, including, but not limited to, Balanced, Growth & Income, Growth, and Maximum Growth. We monitor the holdings of and make adjustments to the accounts invested in each portfolio based on our ongoing research and evaluation.

Because we invest all or a portion of your assets in mutual funds and/or ETFs, you will incur the indirect cost of each of those funds (called an *expense ratio*) in addition to the advisory fee that is directly debited from your account each month (see fee schedule below).

You grant us discretionary authority with respect to the initial Managed Opportunities master account and all Advisor Managed Portfolios accounts.

You grant SAA the discretionary authority to select one or more sub-advisors to provide administrative, web site, performance reporting, transaction order entry and other services to SAA and clients. SAA currently has a relationship with Envestnet to provide these services. Clients establishing Managed Opportunities accounts receive Envestnet's Disclosure Brochure in addition to SAA's Disclosure Brochure.

All brokerage transactions are processed by Securities America, Inc. ("SAI"), the affiliated broker/dealer of SAA, and cleared through National Financial Services, LLC ("NFS") pursuant to a clearing arrangement established by SAI with NFS. Neither we nor our representatives act as custodian of your account or have direct access to your funds and/or securities. Our representatives implement securities transactions for Managed Opportunities accounts in their separate capacity as a registered representative of SAI. See, **Additional Compensation**, below.

We are always responsible for assisting you with identifying your risk tolerance and investment objectives and are available to meet with you on a continuous basis, helping you determine appropriate investment strategies in relation to your stated investment objectives and risk tolerance.

The maximum fee for new accounts is 1.60% per year. We retain the first 1.33% for our services, and SAA retains the remainder for wrap program administration according to the following tiered fee schedule:

<u>Account Value Tier</u>	<u>Annual Fee %</u>
\$0 - \$250,000	1.60% (1.33% to CAG + 0.27% to SAA)
\$250,000 - \$750,000	1.48% (1.33% to CAG + 0.15% to SAA)
\$750,000 - \$1,750,000	1.43% (1.33% to CAG + 0.10% to SAA)
\$1,750,000 and up	1.38% (1.33% to CAG + 0.05% to SAA)

Fees are calculated monthly based on the average daily balance of your account assets for the previous month. CAG will never retain compensation exceeding 3%. SAA is responsible for collecting all fees paid by you through these programs and then journaling our portion of the advisory fees to us.

A complete description of Managed Opportunities and related fees, charges, when due and termination procedures (including a prorated refund of fees paid in advance) are described in SAA's Managed Opportunities Disclosure Brochure Appendices (Wrap Fee Program Brochure) which you receive at or prior to the time a Managed Opportunities account is established.

You are advised that there may be other managed programs, not recommended or offered by us, that are suitable for you and that may be more or less costly than arrangements recommended by us. No guarantees can be made that your financial goals or objectives will be achieved by us or any investment advisor recommended by us. Further, no guarantees of performance can ever be offered by us.

### ***Independent Managed Assets Program - Description of Services***

Through this service, we are able to establish agreements directly with third-party money managers offering a wide range of advisory services, including asset allocation, market timing and portfolio management. We can then refer a client to a third-party money manager and the third-party money manager will provide asset management and investment advisory services directly to the client. Thus the third-party money manager is responsible for continuously monitoring client accounts and making trades in client accounts when necessary.

When a client agrees to engage a third-party investment advisor that we recommend, our firm is considered a solicitor to the third-party investment advisor and, as a result, our firm is paid a portion of the fee charged and collected by the third-party investment advisor in the form of solicitor fees or consulting fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

We are always responsible for assisting clients with identifying their risk tolerance and investment objectives. We will recommend third-party investment advisors and help determine appropriate investment strategies in relation to the client's stated investment objectives and risk tolerance. Clients will enter into an agreement directly with the unaffiliated third-party investment advisor.

Although the third-party investment advisor will be responsible for making all investment decisions, we will be available to answer questions the client may have regarding their account and act as the communication conduit between the client and the third-party investment advisors. Third-party investment advisors we recommend generally require discretionary authority to determine the securities to be purchased and sold in client accounts. Neither CAG nor its advisor representatives will have any trading authority with respect to the client's managed account(s) with the third-party investment advisor(s).

Although we review the performance of numerous third-party investment advisor firms, we enter into only a select number of relationships with third-party investment advisor firms that have agreed to pay us a portion of the overall fee charged to our clients. Therefore, CAG has a conflict of interest in that it will only recommend third-party investment advisors that will agree to compensate us for referrals of our clients.

We are also limited in this program in that we may only select the services of money managers approved through Securities America Advisors' Independent Managed Assets Program (IMAP).

Clients are advised that there may be other third-party managed programs, not recommended by our firm, that are suitable for the client and that may be more or less costly than arrangements recommended by our firm. No guarantees can be made that a client's financial goals or objectives will be achieved by a third-party investment advisor recommended by our firm. Further, no guarantees of performance can ever be offered by our firm (please refer to *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* for more details).

Trading by IMAP money managers may trigger wash sale rule implications. Clients are encouraged to consult with a tax advisor to discuss any tax implications involving their portfolios in the IMAP program.

### ***Independent Managed Assets Program - Description of Fees***

If we recommend a third-party investment advisor to you, a complete description of the third-party investment advisor's services, fee schedules and account minimums will be provided in the third-party investment advisor's Form ADV Disclosure Brochure or Wrap Fee Program Brochure. Such brochures are provided to you when we initially recommend the third-party investment advisor.

While the actual fee charged to a client will vary depending on the third-party investment advisor utilized, the portion retained by CAG in the form of solicitor fees or consulting fees shall not exceed 1.20%. Our portion of the fee is not negotiable. All fees are calculated and collected by the selected third-party investment advisor firm who shall be responsible for delivering our portion of the client fee to our firm.

Securities America Advisors will receive a portion of the solicitor fee, a marketing override or an administrative fee for providing administrative and marketing services.

Clients may incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees. We will never receive any portion of such commissions or fees. We are only compensated by the consulting fee described above. We receive no other compensation in connection with a client's account managed by a third-party investment advisor.

### **Additional Compensation**

You should be aware that our representatives are also registered representatives of Securities America, Inc., a registered broker/dealer and member of FINRA/SIPC. In this separate capacity, they can receive a commission for selling securities products. This is a conflict of interest. As a registered representative, they may sell mutual funds and receive 12(b)-1 fees in addition to commissions. The 12(b)-1 fees, named after a section of the *Investment Company Act of 1940*, are annual marketing or distribution fees and considered an operational or administrative expense. The fees are included as a part of the mutual fund's total expense ratio and paid from



fund assets. Therefore, the fees come indirectly from your account. Every mutual fund prospectus includes a description of the fund's fees and expenses. Receiving 12(b)-1 fees represents an incentive for a registered representative to recommend funds with 12(b)-1 fees or with higher 12(b)-1 fees than funds with no fees or lower fees. This is also a conflict of interest. Our representatives will only recommend mutual funds to clients if those funds are suitable for you and appropriate to help fulfill your objectives.

In addition, we are an insurance agency and our representatives are also independently licensed as insurance agents and sell insurance products to any client. The representatives can earn commissions when selling insurance products in this separate capacity. This is a conflict of interest, since any commissions earned could be in addition to advisory fees earned in their capacity as an investment advisor representative.

Our representatives recommend investment products based on your individual needs and not based on the possibility of additional compensation in their separate capacities as registered representatives and/or insurance agents. You have sole discretion about whether or not to contract for our services. In addition, you have sole discretion about whether or not to implement any recommendations made by our representatives. If you do decide to implement recommendations, you are responsible for taking any actions or implementing any transactions required. You are free to select any broker/dealer and/or insurance agent to implement our recommendations.

Please see **Item 10, Other Financial Activities and Affiliations**, and **Item 12, Brokerage Practices**, for additional discussion on these conflicts of interest.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. Both we and our representatives endeavor at all times to put your interests first as a part of our fiduciary duty. However, you should be aware that receiving additional compensation through nominal sales awards, expense reimbursements, etc. creates a conflict of interest that may impact the judgment of our representatives when making advisory recommendations.

### **Comparable Services**

We believe our fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.

The amount of compensation we may receive in a particular program may be more than would be received if you participated in other programs or paid separately for investment advice, brokerage and other services. You may wish to consider the following factors when determining the reasonableness of advisory fees charged:

- The fee charged for developing an asset allocation study and/or developing an investment strategy
- Transaction and custody costs or other miscellaneous fees and taxes and/or charges, as well as commissions or mark ups and mark downs, on the purchase and/or sale of securities
- The cost of producing any performance report(s) covering managed assets
- The value of the consulting service provided by Advisor in designing and monitoring your managed assets
- The cost of investment advice provided by Advisor
- The cost of the additional administrative, marketing, asset management, and other support services that may be provided by SAA and (when applicable) any sub-advisors used in managing a program account

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. We do not receive performance-based fees.

## Item 7 – Types of Clients

We generally provide investment advice to:

- Individuals (including high-net worth individuals)
- Trusts, estates or charitable organizations
- Corporations or business entities other than those listed above

### **Minimum Investment Amounts Required**

As a general rule, SAA requires a minimum of \$50,000 to establish and maintain Managed Opportunities mutual fund portfolios, \$100,000 for separate account portfolios, \$250,000 for unified managed account portfolios and \$100,000 for Advisor Managed Portfolios. All minimums are negotiable at the discretion of CAG and SAA.

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

### **Methods of Analysis**

We use fundamental and technical analysis when considering investment strategies and recommendations for clients.

#### ***Fundamental***

Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, fundamental analysts try to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, “brand” names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

#### ***Technical***

This method of evaluating securities analyzes statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

There are risks when using these methods of analysis. Fundamental analysis takes a long-term approach to analyzing markets, often looking at data over a number of years. The data reviewed is released over years (e.g., quarterly financial statements). Technical analysis uses a shorter timeframe—often weeks or days. The price and volume data reviewed is released on a daily basis. Therefore, fundamental analysis could mean a gain is not realized until a security's market price rises to its “correct” value over the long run—perhaps several years.

As a general statement, technical analysis is used for a trade while fundamental analysis is used for an investment. It could also be said that traders buy assets they believe they can sell to someone else at a greater price while investors buy assets they believe will increase in value. The frequency of trading securities using technical analysis could have both a positive or negative impact and could also lead to increased brokerage and transaction costs, thus lowering performance. The less frequent trading practices of fundamental analysis could also have a positive or negative impact on a client's portfolio value, but likely has reduced brokerage and transaction costs.

## **Investment Strategies**

We use the following investment strategies when implementing advice given to clients:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- Trading (securities sold within 30 days)

We gather information from financial newspapers and magazines, research materials prepared by others, corporate rating services, timing services and annual reports, prospectuses and filings with the Securities and Exchange Commission.

## **Risk of Loss**

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. However, you should be aware that past performance of any security is not necessarily indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved. Further, depending on the different types of investments, there may be varying degrees of risk:

- **Market Risk.** Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- **Equity (Stock) Market Risk.** Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- **Company Risk.** There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- **Options Risk.** Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.
- **Fixed Income Risk.** Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **ETF and Mutual Fund Risk.** ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.
- **Management Risk.** Your investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.

## **Primarily Recommend One Type of Security**

We primarily recommend mutual funds. In addition to the risks previously listed, different mutual fund categories have different risk characteristics. You should not compare different categories. For example, a bond fund and a stock fund that both have below average risk still have different risk/return potential (stock funds traditionally have higher risk/return potential). Risks are based on the investments held in the fund. For example, a bond fund faces interest rate risk and income risk and income is affected by the change in interest rates. A sector fund (investing in a single industry) is at risk that its price will decline due to industry developments. The following are some risks to consider when investing in mutual funds:

- **Call Risk:** A bond issuer may redeem high-yield bonds before maturity date due to falling interest rates.
- **Default Risk:** A bond issuer may fail to repay interest and principal.
- **Income Risk:** Dividends in a fixed income fund may decline due to falling interest rates.
- **Geo-Political:** Political events, natural disasters or financial problems may weaken a country or state's economy and cause investments to decline.
- **Industry Risk:** Stocks in a single industry may decline due to developments in that industry.
- **Inflation Risk:** Increases in the cost of living can reduce or eliminate a fund's actual returns when adjusted for inflation.
- **Manager Risk:** A manager may not execute the fund's investment strategy in a timely or effective manner.

In addition, there is the risk that the fund family might inaccurately report individual fund or fund family information.

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

We have no legal or disciplinary events that are material to your evaluation of our business or the integrity of our management. Therefore, this item is not applicable to our brochure.

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

We do not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
- A investment adviser or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- Accountant or accounting firm
- A lawyer or law firm
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships

We are an independent registered investment advisor and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment advisor representatives with us.

### **Securities Sales**

Our representatives are also registered representatives of Securities America, Inc. You can engage them in this separate capacity to render securities brokerage services under a commission arrangement. Our representatives may have a financial incentive to recommend that a financial plan be implemented using a certain product or service. This is a conflict of interest because they could receive commissions in their capacity as a registered representative and could also receive advisory fees in their capacity as an investment advisor representative.

You are under no obligation to use the services of our representatives in this separate capacity or to use Securities America, Inc. and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use Securities America, Inc. Prior to effecting any transactions, you are required to enter into a new account agreement with Securities America, Inc. The commissions charged by Securities America, Inc. may be higher or lower than those charged by other broker/dealers. In addition, the registered

representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

## **Insurance Sales**

We are an insurance agency and some of our representatives are also independently licensed to sell insurance products through various insurance companies. When acting in this capacity, they may receive fees or commissions for selling these products. You are under no obligation to direct insurance transactions to us or to insurance companies with which our representatives may be licensed. Suitable insurance and investment products may be available from other companies.

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

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each client. We and our representatives and associated persons have a fiduciary duty to all clients. We have established a Code of Ethics which all associated persons must read and then execute an acknowledgement agreeing that they understand and agree to comply with our Code of Ethics. Our fiduciary duty to clients is considered the core underlying principle for our Code of Ethics and represents the expected basis for all dealings with clients. We have the responsibility to make sure that the interests of clients are placed ahead of our own or our associated persons' own investment interests. All associated persons will conduct business in an honest, ethical and fair manner. All associated persons will comply with all federal and state securities laws at all times. We provide full disclosure of all material facts and conflicts of interest to clients prior to services being conducted. All associated persons have a responsibility to avoid circumstances that might negatively affect or appear to affect the associated persons' duty of complete loyalty to clients. This section is only intended to provide current clients and potential clients with a description of our Code of Ethics. If current clients or potential clients wish to review our Code of Ethics in its entirety, a copy may be requested from any of our associated persons, and a copy is provided promptly.

### **Participation in Client Transactions and Personal Trading**

Both we and our representatives and associated persons may buy or sell securities identical to those recommended to clients for their personal accounts. This could present a conflict of interest where we could materially benefit from the sale or purchase of those securities (i.e., front-running, scalping, insider trading, etc.). We are and will continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988* and have established the following restrictions to help detect and prevent abusive practices:

- Our employees may not buy or sell securities for their personal portfolios where their decision is substantially derived, in whole or in part, by reason of their employment unless the information is also available to the investing public on reasonable inquiry. No employee will prefer his/her own interest to that of the advisory client.
- We maintain a list of all securities holdings for our self and anyone associated with us with access to advisory recommendations. Our President, William H. Kantner IV, reviews these holdings on a regular basis.
- All clients are fully informed that certain individuals may receive separate compensation when effecting transactions during the implementation process.
- We emphasize the unrestricted right of the client to decline to implement any advice rendered.
- We require that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- Any individual not observing the above is subject to termination.

## Item 12 – Brokerage Practices

### **Securities America, Inc.**

If you elect to implement our advice, you are free to select any broker you wish. If you elect to have our representatives implement the advice in their capacity as registered representatives or through one of the Securities America Advisors, Inc. (“SAA”) programs detailed in **Item 5, Fees and Compensation**, then our representatives’ broker/dealer, Securities America, Inc. (“SAI”) will be used.

Not all investment advisors require the use of a particular broker/dealer. Some investment advisors allow their clients to pick which broker/dealer the client uses. However, in order to provide efficient services and based on the arrangement with SAI, we require the use of SAI when opening an account through our programs. We are limited in the broker/dealer or custodians we are allowed to use due to our relationship with SAI. SAI may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

Because our representatives are registered representatives of SAI, they are required to use the services of SAI and SAI’s approved clearing broker/dealers when acting in their capacity as registered representatives. SAI serves as the introducing broker/dealer. All accounts established through SAI are cleared and held through National Financial Services, LLC. SAI has a wide range of approved securities products for which it performs due diligence prior to selection. SAI’s registered representatives are required to adhere to these products when implementing securities transactions through SAI. Commissions and transaction fees charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer, including on-online discount brokers. Because our representatives are also registered representatives of SAI, SAI provides compliance and supervision support to our representatives. In addition, SAI provides our representatives, and therefore us, with back-office operational, technology and other administrative support.

Economic benefits are provided to us by SAI that are not provided if you select another broker/dealer or account custodian. These benefits may include:

- Negotiated costs for transaction implementation
- A dedicated trade desk that services SAA/SAI participants exclusively
- A dedicated service group and an account services manager dedicated to our accounts
- Access to a real-time order matching system
- Electronic download of trades, balances and position information
- Access, for a fee, to an electronic interface with the account custodian’s software
- Duplicate and batched client statements, confirmations and year-end reports

Please all see **Item 5, Fees and Compensation**, for additional information about advisory services and implementing recommendations.

### **Best Execution**

While we do not allow directed brokerage, we must still use reasonable diligence to make certain that best execution is obtained for clients when implementing any transactions. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions surrounding the transaction execution is in the best interests of clients. When considering best execution, our associated persons look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with existing systems of the advisor, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered. We perform periodic reviews to determine that the relationship with SAI and National Financial Services, LLC are still in the best interests of clients.

### **Soft Dollar**

Investment advisors may direct portfolio brokerage commissions to a particular broker/dealer in return for services and research used in making investment decisions in client accounts. The commissions used to acquire these services and research are known as “soft dollars.” Section 28(e) of the *Securities Exchange Act of 1934* provides a “safe harbor” that allows an investment advisor to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid was reasonable in relation to the brokerage and research services provided.

Although we neither allow directed brokerage nor receive soft dollars, we may still receive products and services from SAI, SAA or other program sponsors and product issuers. These products and services may be used for both research and non-research purposes and allows us to supplement, at no cost, our own research and analysis activities. These products and services can include, but are not limited to:

- Reports, publications and data on matters such as the economy, industries, sectors and individual companies or issuers, statistical information, account and law interpretations, political analyses, legal developments affecting portfolio securities, technical market actions, credit analyses, risk management and analyses of corporate responsibility issues
- On-line news services and financial and market database services
- Information management systems integrating quotation and trading, performance management, accounting, recordkeeping and document retrieval and other administrative matters
- Meetings, seminars, workshops and conferences with representatives of issuers, program sponsors and/or other analysts and specialists

Research obtained in this way is not necessarily utilized for any specific account. We do not attempt to allocate the relative costs or benefits of research among clients because we believe that, in the aggregate, the research we receive benefits all clients and assists us in fulfilling our overall duty to clients.

These arrangements may be deemed to create a conflict of interest to the extent that we would have to pay for some or all of the research and/or services with “hard dollars” if we were unable to obtain the research and services in connection with our relationships to these firms. Client trades are always implemented based on the goals and objectives of the client and not on any research, products or other incentives available.

### **Handling of Trade Errors**

If you elect to implement transactions through our representatives, they do so in their separate capacity as registered representatives of SAI. SAI has execution and clearing arrangements with Fidelity Capital Markets (“FCM”), a division of NFS.

We have implemented procedures designed to prevent trade errors when implementing transactions. However, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. FCM is contacted immediately about any trade error except those in mutual funds. SAI’s Trade Department is contacted to report and correct any error in mutual fund trades. Trading errors are usually corrected after the trade settles and may take 5-7 days to finalize.

If we, our representatives, SAI or FCM are responsible for making a trade error in a client account, the error is corrected and the client account is restored to where it would have been had the trade error not occurred. Any profit from the trade correction is retained by SAI or FCM. Neither we, our representatives, nor the client retain profits from a trade correction.

### **Block Trades**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading, or block trading and may be used when we believe such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities

among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions are averaged as to price and are allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation or remuneration as a result of blocking trades.

## **Item 13 – Review of Accounts**

### **Account Reviews**

Financial planning services remain in effect until terminated and reviews can be included in these services. Managed accounts are reviewed at least quarterly.

The calendar is the main triggering factor for reviews, although more frequent reviews can be triggered by your request, a change in your circumstances, or material political, economic or market events. Our representatives are responsible for account reviews under the supervision of our President, William H. Kantner IV.

SAA reviews the performance information in Managed Opportunities accounts to determine its accuracy. Performance information provided by SAA is believed to be accurate but cannot be guaranteed. Fund and other securities values and other information are obtained from third parties. Managed Opportunities accounts are reviewed as needed by SAA supervisors, SAI principals and our representatives. Triggering factors for reviews may include material market, economic or political events, changes in your personal or financial situation, or performance of the accounts in general.

### **Account Reports**

You receive statements at least quarterly from the investment company, broker/dealer or clearing firm where your account is maintained.

If you participate in Managed Opportunities, you are able to view daily and quarterly performance reports on a web site prepared on behalf of SAA by Envestnet which describes the performance, holdings and other activity in your Managed Opportunities accounts. During any month in which there is activity in Managed Opportunities accounts, you receive monthly statements from the account custodian or clearing firm showing the activity in your accounts as well as positions held in the accounts at month end. You also receive a confirmation of each purchase and sale transaction that occurs within Managed Opportunities accounts, unless you provide SAA with written authorization to suppress confirm delivery. If there is no activity in the account, you receive statements no less than quarterly from the account custodian or clearing firm.

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

We purchase leads from outside sources. Otherwise, we do not directly or indirectly compensate anyone for referring clients to us.

For additional discussion on other compensation received by us, our owner or our representatives, please refer to **Additional Compensation** under **Item 5, Fees and Compensation**, and **Item 10, Other Financial Industry Activities and Affiliations**.



## Item 15 – Custody

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. We are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. Our procedures do **not** result in our maintaining custody of client funds and securities.

We have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against any reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

## Item 16 – Investment Discretion

In addition to having trading authority on your accounts, we may implement trades in Managed Opportunities Advisor Directed accounts on a discretionary basis. This means we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority.

When discretionary authority is granted, it is limited. Though we do not have access to your funds and/or securities, advisory fees are deducted from your account by the account custodian and paid to us by SAA. Any fee deduction is done pursuant to your prior written authorization provided to SAA and the account custodian. You have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. You may also place reasonable limitations on the discretionary power granted to us so long as the limitations are specifically set forth or included as an attachment to the client agreement.

## Item 17 – Voting Client Securities

We do not vote proxies on your behalf. Proxies or other solicitations are sent directly to you from your account custodian or a transfer agent, and you should read the information provided with the proxy document and make a determination based on the information provided. Upon your request, our representatives may provide clarifications of and general recommendations on issues based on their understanding of the issues presented in the proxy materials. However, you are solely responsible for all proxy voting decisions.

## Item 18 – Financial Information

We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

On April 22, 2020, our firm received a Paycheck Protection Program ("PPP") loan in the amount of \$135,200 through the U.S. Small Business Administration in conjunction with the relief afforded from the Coronavirus Aid, Relief, and Economic Security (CARES) Act during the COVID-19 Pandemic. The PPP loan did not require any collateral nor a personal guarantee. Due to the economic uncertainties surrounding the COVID-19 pandemic, we believed it was prudent for us to apply for, and accept, the PPP loan in order to support our ongoing operations. The firm used the PPP funds to continue payroll for the firm's staff and to make other permissible payments (e.g. employee benefits, rent, utilities). The loan is forgivable provided our firm satisfies the terms of the loan program.

## Privacy Notice

We are committed to safeguarding the confidential information of our clients. We hold all personal information provided to us in the strictest confidence. Our representatives are also registered representatives of Securities America, Inc. ("SAI"), a registered broker/dealer that is not affiliated with us. We may also have relationships with other non-affiliated investment advisors, such as Securities America Advisors, Inc. ("SAA"), an affiliate of SAI, insurance companies, trust companies, custodians and other financial institution entities. Except as required or permitted by law, we do not share confidential information about clients with non-affiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of confidential information, we provide written notice to the client, and the client is given an opportunity to direct us whether such disclosure is permissible.

### *An Important Notice Concerning Client Privacy*

**Client Information Collected.** We collect and develop personal information about you and some of that information is non-public personal information (Client Information). The essential purpose for collecting Client Information is to provide and service the financial products and services you obtain from us. The categories of Client Information collected by us depend upon the scope of the engagement with us and are generally described below. As an investment advisor, we collect and develop Client Information about you in order to provide investment advisory services. Client Information collected includes:

- Information we receive from you on financial inventories through consultation with our representatives. This Client Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning the client's financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about your financial products and services transactions with us.

**Data Security.** We restrict access to Client Information to those representatives and employees who need the information to perform their job responsibilities with us. We maintain agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard Client Information.

**Use and Disclosure of Client Information to Provide Client Services.** To administer, manage and service client accounts, process transactions and provide related services for client accounts, it is necessary for us to provide access to Client Information within our firm and to non-affiliated companies such as SAI, SAA, other investment advisors, other broker/dealers, trust companies, custodians and insurance companies. We may also provide Client Information outside of the firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

**Medical and Health Information.** We may receive medical or health information on an application for insurance. We do not share that medical or health information with unrelated companies, except as necessary to process transactions on behalf of our clients.

**Former Clients.** If you close an account with us, we continue to operate in accordance with the principles stated in the Notice.

**Requirements of Federal Law.** In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* ("GLBA"). The GLBA requires certain financial institutions, including broker/dealers and investment advisors, to protect the privacy of Client Information. To the extent a financial institution discloses Client Information to non-affiliated third parties, other than as permitted or required by law, clients must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that we do not disclose Client Information to non-affiliated parties except as permitted or required by law (e.g., disclosures to service client accounts or to respond to subpoenas).