

# **Wrap Fee Program Brochure**

(Part 2A Appendix of Form ADV)

## **Private Wealth Management II Program**

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This wrap fee program brochure provides information about the qualifications and business practices of Secura Financial, LLC. Being registered as an investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 714-704-6616. 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 Secura Financial, LLC (CRD #137324) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**March 19, 2021**

## **Item 2: Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

This update is in accordance with the annual filing requirements for Investment Advisors. Since the last update on March 30, 2020, there have been no material changes.

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## Item 4: Services, Fees and Compensation

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### Firm Description

Secura Financial, LLC (“Advisor”) is an investment advisor registered with the California Department of Corporations pursuant to the Investment Advisers Act of 1940. Advisor offers investment advice to clients through the Private Wealth Management II (“Program”) based on the individual needs of the client. Advisor is the sponsor of the Program. Harry M. Barth, Richard W. Jackman, William T. Black, Phillip Napper, Sr., Jason Stone, Brent Honea, and Kraig Strom are advisory representatives of the Advisor and responsible for management of the Program accounts.

This disclosure brochure is limited to describing the Program and other information that client should consider prior to establishing an account in the Program. For a complete description of other programs and services offered by Advisor, clients should refer to Advisor’s Form ADV Part 2A, a copy of which will be provided by Advisor to client upon request.

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### Program Services

The Program offers clients an asset management account in which the Advisor directs and manages Program assets for client. The Program permits a client to authorize Advisor to purchase and sell on a discretionary basis mutual funds, ETFs, equities, fixed income securities, and managed futures.

The Advisor obtains the necessary financial data from the client and assists the client in setting appropriate investment objectives for the Program account. The Advisor obtains updated information from the client as necessary in order to provide personalized investment advice to the client.

Client will be required to enter into a written agreement with Advisor in order to establish a Program account. Client will also be required to complete an application with the broker/dealer that will act as custodian for Program account assets.

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### Program Fees

The annual investment advisory fee (“Annual Fee”) schedule for the Program is described below:

Equity and Balanced Accounts*		
Market Value of Portfolio	Max. Client Fee	Max. Quarterly Fee
On the first \$1,000,000	2.25%	0.5625%
On the next \$1,500,000	1.0%	0.25%
On next \$2,500,000	0.75%	0.1875%
On the next \$5,000,000	0.50%	0.125%
In excess of \$10,000,000	0.40%	0.10%

\*With a minimum fee of \$1,250 per quarter

<b>Fixed Income Accounts**</b>		
<b>Market Value of Portfolio</b>	<b>Max. Client Fee</b>	<b>Max. Quarterly Fee</b>
On the first \$1,000,000	2.25%	0.5625%
On the next \$1,500,000	0.50%	0.125%
On the next \$2,500,000	0.40%	0.10%
On the next \$5,000,000	0.30%	0.075%
In excess of \$10,000,000	0.25%	0.0625%

\*\*With a minimum fee of \$1,250 per quarter

<b>Equity and Balanced Accounts with Financial Planning and Consulting***</b>		
<b>Market Value of Portfolio</b>	<b>Max. Client Fee</b>	<b>Max. Quarterly Fee</b>
On the first \$1,000,000	2.50%	0.625%
On the next \$1,500,000	1.10%	0.275%
On the next \$2,500,000	0.85%	0.2125%
On the next \$5,000,000	0.60%	0.15%
In excess of \$10,000,000	0.50%	0.125%

\*\*\*With a minimum fee of \$1,625 per quarter

Advisor's annual investment advisory fee shall include investment advisory services. Should the client be enrolled in the combined investment advisory and financial planning service, financial planning and consulting services are limited to those planning and consulting services offered by Advisor and specifically requested by the client. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Advisor), Advisor may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

Fees are billed quarterly in advance based on the amount of assets managed as of the close of business on the last business day of prior quarter. Quarterly advisory fees deducted from the clients' account by the custodian will be reflected in a provided fee invoice as fees are withdrawn. Lower fees for comparable services may be available from other sources.

For purposes of calculating Annual Fees, the account quarter begins on the first day of the month in which the account is opened. The initial Annual Fee is due at the beginning of the quarter following account opening and includes a prorated fee for the initial quarter in addition to the standard quarterly fee for the upcoming quarter. Subsequent Annual Fee payments are due and assessed at the beginning of each quarter based on the value of the assets under management as of the close of business on the last business day of the preceding quarter as valued by the custodian. Additional deposits and withdrawals will be added or subtracted from account assets, as the case may be, which may lead to an adjustment of the Annual Fee. All Annual Fees are deducted from the account by the custodian unless other arrangements have been made in writing. The Annual Fee is paid to and retained by the Advisor and the advisory representatives.

In addition to the Annual Fee, client may also incur certain charges imposed by third parties in connection with investments made through Program accounts, including those imposed by the custodian. These may include, but are not limited to, the following: mutual fund or money market 12b-1 fees, sub transfer agent fees, omnibus processing fees and networking fees, mutual fund or money market management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, variable annuity expenses, other transaction charges and service fees, IRA and qualified retirement plan fees, alternative investment administrative fees, administrative servicing fees for trust accounts, creation and development fees or similar fees imposed by unit investment trust sponsors, hedge fund investment management fees, managed futures investor servicing fees, participation fees from auction rate preferred securities, and other charges required by law. Advisor does not receive any portion of these fees. Further information regarding charges and fees assessed by a mutual fund or variable annuity are available in the appropriate prospectus.

Mutual funds may also charge a redemption fee if a redemption is made within a specific time period following the investment. The terms of any redemption fee are disclosed in the fund's prospectus. Transactions in mutual fund shares (e.g., for rebalancing, liquidations, deposits or tax harvesting) may be subject to a fund's frequent trading policy.

Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the account value decreases.

## **Item 5: Account Requirements and Types of Clients**

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### **Account Minimum**

A minimum account value of \$250,000 is required for Program. In certain instances, the minimum account size may be lower.

### **Types of Clients**

Advisor offers investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

## **Item 6: Portfolio Manager Selection and Evaluation**

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### **Portfolio Manager**

Harry M. Barth, Managing Member and Richard W. Jackman, Chief Investment Officer will manage all Program accounts.

In general, all individuals that render investment advice on behalf of Advisor are required to have a college degree and/or five (5) years of equivalent industry experience. In addition, all advisory representatives must have obtained all required licenses or a professional designation.

Each individual will be reviewed and considered on a case-by-case basis by an executive member of Advisor. Advisor requires that individuals have high standards or morals and

ethics and be committed to providing quality investment advice. Additionally, advisory representatives will be required to obtain any required regulatory examinations.

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**Conflicts of Interest**

In establishing a Program account, client elects to appoint a broker/dealer with whom the Advisor has a custodial relationship with to processing securities transactions for the Program account. The Advisor does not maintain custody of client assets.

Securities transactions for Program account are effected without commissions being charged to client. While Advisor makes every attempt to obtain the best execution possible, there is no assurance that it will be obtained. Clients should consider whether or not the appointment of the broker/dealer and custodian may or may not result in certain costs or disadvantages to the client as a result of possibly less favorable executions. In considering whether or not to restrict the execution of transactions through a broker/dealer, Advisor considered the capabilities of said broker/dealer.

Although client will not be charged a transaction charge for transactions through the broker/dealer, client should be aware that Advisor will be required to pay transaction charges to the broker/dealer. The transaction charges borne by Advisor vary based on the type of transactions (e.g., mutual fund, equity or fixed income security) and for mutual funds based on whether or not the mutual fund pays 12b-1 fees and/or sub transfer agent fees that are retained by the custodian in amounts sufficient to cover the majority of trading costs. Client should understand that the cost to Advisor of transaction charges may be a factor the Advisor considers when deciding which securities to select and whether or not to place transactions in a Program account.

No agency-cross transactions or principal transactions are effected by Advisor in Program accounts.

Advisor may aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained.

Advisor may receive support services and/or products from the broker/dealer, which assist the Advisor to better monitor and service Program accounts maintained at said broker/dealer. These support services and/or products may be received without cost, at a discount, and/or at another negotiated rate, and may include 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, consulting services, attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Advisor in furtherance of its investment advisory business operations. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by the Advisor to the custodial broker/dealer or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement.

Advisor and advisory representatives may receive additional non-cash compensation from product sponsors. Compensation may include such items as gifts valued at less than \$100



annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives.

The Program may cost the client more or less than purchasing Program services separately. Factors that bear upon the cost of the Program account in relation to the cost of the same services purchased separately include: the type and size of the account, the historical and/or expected size or number of trades for the account, and the number and range of supplementary advisory and client related services provided to the account.

The Annual Fee is an ongoing fee for investment advisory services and may cost the client more than if the assets were held in a traditional brokerage account. In a brokerage account, a client is charged a commission for each transaction and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a Program account.

The Advisor receives compensation as a result of the client's participation in the Program. The amount of this compensation may be more or less than what the Advisor would receive if the client participated in other programs or paid separately for investment advice, brokerage and other client services. Therefore, the Advisor may have a financial incentive to recommend the Program account over other programs and services.

Advisory representatives have a relationship with Crown Capital Securities, member FINRA/SIPC. In such capacity, they may offer securities and receive normal and customary commissions as a result of securities transactions outside of Program account.

Advisory representatives also have a relationship with various insurance companies. Some of the Advisory representatives are also licensed insurance agents/brokers and if applicable, is disclosed in their ADV Part 2B supplement brochure. In such capacity, they may receive normal and customary commissions as a result of insurance sales outside of Program account.

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### **Advisory Business**

The Advisor offers clients an asset management account through the Program in which the Advisor directs and manages Program assets for client.

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Advisor does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

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## Methods of Analysis, Investment Strategies and Risk of Loss

### ***OUR APPROACH TO PORTFOLIO MANAGEMENT***

We employ Modern Portfolio management techniques which are concerned with investment analysis, portfolio design, and performance evaluation. These methods express quantitatively our views regarding risk and its relationship to investment return. They focus attention on the overall composition of the portfolio rather than the traditional method of analyzing and evaluating the individual components. As your adviser, we are therefore able to examine and design portfolios predicated on explicit risk-reward parameters and on the identification and quantification of portfolio objectives.

Simply stated, asset allocation is the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk. Risk tolerance is essentially the percentage of an investment portfolio that an investor is willing to risk to achieve a specific rate of return. It is no longer a one-dimensional process of selecting the right stock, bond or property to place in a portfolio.

Modern portfolio theory methods have as their foundation four basic premises. First, those investors are inherently risk-averse. Investors are not willing to accept risk except where the level of returns generated will fairly compensate for that risk. It is probably reasonable to assume that investors are more concerned with risk than they are with rewards. The problem in the past has been to quantify risk and its relation to return.

The second premise to modern portfolio theory is that the markets are basically efficient. As discussed above, most studies support this concept. With the advance in information technology and more sophisticated investors, the markets are likely to become even more efficient.

The third premise is that the focus of attention should be shifted away from individual securities analysis to consideration of portfolios as a whole predicated on explicit risk-reward parameters and on the identification and quantification of portfolio objectives. Today it is more likely that the efficient allocation of capital to specific asset classes will be far more important than selecting the "right" components of that asset class. Studies have dramatically supported the concept that asset allocation is the primary determinant of portfolio performance, with market timing and security selection playing minor roles.

The fourth premise for modern portfolio theory is the optimality of portfolio returns. In other words, for any level of risk that one is willing to accept, there is a rate of return that should be achieved. Quantitative methods are used for measuring risk and diversification, making it possible to create efficient and theoretically optimal portfolios. Portfolio diversification is not so much a function of how many issues are involved, as it is of the relationships of each asset to each other asset and the proportionality of those assets in the portfolio. In other words, investors should search for those assets which tend to have negative relationships to each other and should include assets which go up in value as the value of other assets declines.

The number of assets in the portfolio is less important than the relationship of those assets. Therefore having many assets in a portfolio will not reduce the systematic risk in the portfolio as much as having negatively correlated assets. Further, it is a misconception, albeit a widely held one, that investors must accept higher levels of risk to achieve higher returns. By using asset allocation methodologies, investors may achieve higher returns with less risk.

The process of asset allocation may include one or all of the following approaches:

**STRATEGIC ASSET ALLOCATION** - uses historical data (mean rates of return, standard deviations and covariances) in an attempt to understand how the asset has performed and is likely to perform over long periods of time. The goal is not to "beat" the market, but to establish a long-term investment strategy using a core mix of assets.

**TACTICAL ASSET ALLOCATION** - uses periodic assumptions regarding the performance and characteristics of the assets and/or the economy. This approach attempts to improve portfolio performance by making "mid-course" changes in the long-term strategy based on near-term expectations.

**DYNAMIC ASSET ALLOCATION** - involves changes in investor circumstances, which may lead to the modification of policies, objectives and/or risk tolerances. Resulting changes are intended to maintain equilibrium between the investor's policies and objectives and the asset allocation process.

The economic environment and investment alternatives today are substantially different from those of the past. We believe that investors can no longer be myopic in their view of investments in so far as they restrict their analysis to domestic markets or investment vehicles. The traditionally domestic portfolio is clearly inadequate in today's internationally based economic and investment environment. Further, the complexity and volatility of today's investment world requires access to, and proficiency with superior analytical tools and data bases. We fully recognize that developing successful investment strategies and competing for investment capital depends on our ability to employ the most sophisticated analytical techniques.

Successful investors require the development of long-term plans arrived at in an objective and dispassionate manner. Too often, investment decisions are based on isolated, short-term considerations, without regard to the portfolio or the inter-relationships of the assets used. Our approach to money management ignores the narrow approach of attempting to beat the performance of individual markets and applies a much broader method of devising strategies which will achieve investor's long-term policies and objectives within specified risk parameters. If 90% of future portfolio performance is determined by asset allocation policies, then it should be at the asset allocation and investment policy level that investors address issues of risk and return. To provide the services that our clients require today, we utilize integrated investment systems which include all of the computer models and ancillary services required to develop and manage your portfolio in a sophisticated asset allocation program.

#### **SECURITY SPECIFIC INFORMATION**

Certain mutual funds available in the Program invest primarily in alternative investments and/or alternative strategies. Investing in alternative investments and/or alternative strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, leverage, selling securities short, use of derivatives, potential adverse market forces, regulatory changes and potential liquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry.

Exchange Traded Funds (ETFs) may be purchased in the Program. ETFs are typically investment companies that are legally classified as open end mutual funds or a unit investment trusts. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the “spread.” The spread varies over time based on the ETF’s trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities are not registered as an investment company under the Investment Company Act of 1940.

Exchange Traded Notes (ETNs) also may be purchased in the Program. An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. The risks associated with a particular ETN are set forth in the prospectus for the ETN. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the issuer’s ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer’s credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks.

Leveraged ETFs, ETNs and mutual funds, sometimes labeled “ultra” or “2x” for example, are designed to provide a multiple of the underlying index’s return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions are magnified over time. Because of these distortions, these products should be actively monitored, as frequently as daily, and are generally not appropriate as an intermediate or long-term holding. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.

Structured products are available for purchase in the Program. Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a

commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The credit worthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Investing in structured products involves risks. Some structured products offer full protection of the principal invested, others offer only partial or no protection. A client in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. Any principal protection that is offered is subject to the credit worthiness of the issuer. Clients may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC will be subject to applicable FDIC limits.

Hedge funds are available for purchase in the Program by clients meeting certain qualification standards. Investing in hedge funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity. In addition, hedge funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Clients should be aware that hedge funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the hedge fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the hedge fund during the repurchase offer.

Managed futures are available for purchase in the Program by clients meeting certain qualification standards. Investing in managed futures involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices, the lack of liquidity and performance volatility. Clients should be aware that managed futures are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the managed futures fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the managed futures during the repurchase offer.

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## **Proxy Voting**

Advisor does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, Advisor will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client

## **Item 7: Client Information Provided to Portfolio Managers**

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### **Description**

The Advisor obtains the necessary financial data from the client and assists the client in setting appropriate investment objectives for the Program account. The Advisor obtains updated information from the client as necessary in order to provide personalized investment advice to the client.

Client will be required to enter into a written agreement with Advisor in order to establish a Program account. Client will also be required to complete an application with the broker/dealer that will act as custodian for Program account assets.

## **Item 8: Client Contact with Portfolio Managers**

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### **Restrictions**

There are no restrictions placed on clients' ability to contact and consult with the portfolio managers.

## **Item 9: Additional Information**

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### **Disciplinary Information**

#### Criminal or Civil Actions

Advisor and its management have not been involved in any criminal or civil action.

#### Administrative Enforcement Proceedings

Advisor and its management have not been involved in administrative enforcement proceedings.

#### Self Regulatory Organization Enforcement Proceedings

Advisor and its management have not been involved in legal or disciplinary events related to past or present investment clients.

#### Broker-Dealer or Representative Registration

Neither Advisor nor any of its employees are affiliated with a broker-dealer.

#### Futures or Commodity Registration

Neither Advisor nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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

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#### Material Relationships Maintained by this Advisory Business and Conflicts of Interest

Advisory representatives have a relationship with Crown Capital Securities, Inc. In such capacity, they may offer securities and receive normal and customary commissions as a result of securities transactions outside of Program account.

Advisory representatives have a relationship with various insurance companies. Some of Advisor's advisory representatives are licensed insurance agents/brokers. In such capacity,

they may receive normal and customary commissions as a result of insurance sales outside of Program account.

These practices represent potential conflicts of interest because it gives an incentive to recommend products and services based on the commission/fee amount received. This conflict is mitigated by disclosures, procedures, and the firm's fiduciary obligation and clients are not required to purchase any products or services. Clients have the option to purchase these products through another insurance agent, attorney or registered representative of their choosing.

#### Recommendations or Selections of Other Investment Advisors and Conflicts of Interest

Advisor may at times utilize the services of Third Party Money Managers to manage client accounts. In such circumstances, Advisor will share in the Third Party asset management fee. This situation creates a conflict of interest. However, when referring clients to a third party money manager, the client's best interest will be the main determining factor of Advisor. These fees do not include brokerage fees that may be assessed by the custodial broker dealer. Fees for these services will be based on a percentage of assets under management not to exceed any limit imposed by any regulatory agency. The final fee schedule will be attached to Exhibit D in Advisor's Investment Advisory Agreement.

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#### **Code of Ethics Description**

The employees of Advisor have committed to a Code of Ethics. The purpose of our Code of Ethics is to ensure that when employees buy or sell securities for their personal account, they do not create actual or potential conflict with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

#### Investment Recommendations Involving a Material Financial Interest and Conflict of Interest

Advisor and its employees do not recommend to clients, securities in which we have a material financial interest.

#### Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

Advisor and its employees may buy or sell securities that are also held by clients. In order to avoid potential conflicts of interest such as front running of client trades, employees are required to disclose all reportable securities transactions as well as provide Advisor with copies of their brokerage statements.

The Chief Compliance Officer of Advisor is Harry M. Barth. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment. Since most employee trades are in products such as mutual funds, government securities, bonds or are small in size, they do not impact the securities markets.

#### Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

Advisor does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist.

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## **Review of Accounts**

### Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Account reviews are performed monthly or quarterly depending on the nature of the account and client relationship. All reviews are conducted by Harry M. Barth, Senior Manager and Richard W. Jackman, CFP, MSFS on a portfolio analysis basis. Account reviews are performed more frequently when market conditions dictate. Financial Plans are considered complete when recommendations are delivered to the client and a review is done only upon request of client.

### Review of Client Accounts on Non-Periodic Basis

Other conditions that may trigger a review of clients accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

### Content of Client Provided Reports and Frequency

Clients receive account statements usually on a monthly basis, but no less than quarterly for managed accounts. Account performance reports are issued on a quarterly basis.

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## **Client Referrals and Other Compensation**

### Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

Advisor does not receive any economic benefits from external sources.

### Advisory Firm Payments for Client Referrals

Advisor does compensate for employees and outside solicitors for client referrals. The fees charged to the clients are not increased because of the referral fees paid.

Advisor may enter into solicitor relationships. These individual solicitors refer clients to Advisor for services. Advisor pays a referral fee to the solicitor based on its advisory fee and written agreement. Solicitors will also be appropriately registered under federal and state securities laws where applicable. Client receives all related agreements and disclosures prior to or at the time of entering into an Investment Advisory Agreement.

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## **Financial Information**

### Balance Sheet

A balance sheet is not required to be provided because Advisor does not serve as a custodian for client funds or securities and Advisor does not require prepayment of fees of more than \$1200 per client and six months or more in advance.

### Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

Advisor has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

### Bankruptcy Petitions during the Past Ten Years

Neither Advisor nor its management has had any bankruptcy petitions in the last ten years.