

SEC Form ADV Part 2A:  
Firm Brochure  
Saling Simms Associates Inc.

7965 N. High Street, Columbus, Ohio 43235

Telephone:  
614-841-1881

[www.salingsimms.com](http://www.salingsimms.com)  
03/12/2021

This Firm Brochure (“Brochure”) provides information about the qualifications and business practices of SALING SIMMS ASSOCIATES INC. (SSAI). If you have any questions about the contents of this Brochure, please contact us at telephone 614-841-1881. 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.

SALING SIMMS ASSOCIATES INC. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about SALING SIMMS ASSOCIATES INC. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This section describes the material changes to Saling Simms Associates Inc. (SSAI) Part 2A of form ADV (“Firm Brochure”) since its last amendment on 11/2020. This Brochure has been prepared according to the U.S. Securities and Exchange Commission’s (“SEC”) disclosure requirements.

There were no material changes since the last filing.

**ANY QUESTIONS:** SSAI’s Chief Compliance Officer, Brent Simms, remains available to address any questions regarding the above changes or any other issue pertaining to this Firm Brochure.

### Item 3 -Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 3 -Table of Contents .....	iii
Item 4 - Advisory Business.....	1
Item 5 – Fees and Compensation.....	3
Item 6 – Performance-Based Fees and Side-By-Side Management .....	17
Item 7 – Types of Clients.....	17
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	18
Item 9 – Disciplinary Information .....	23
Item 10 – Other Financial Industry Activities and Affiliations .....	23
Item 11 –Code of Ethics, Participation in Client Transactions and Personal Trading .....	24
Item 12 – Brokerage Practices .....	24
Item 13 – Review of Accounts.....	25
Item 14 – Client Referrals and Other Compensation .....	26
Item 15 – Custody.....	27
Item 16 – Investment Discretion.....	27
Item 17 – Voting Client Securities.....	28
Item 18 – Financial Information .....	28
...	

## **Item 4 – Advisory Business**

### Introduction

Saling Simms Associates, Inc. was established in 1983 and incorporated in 1988. We provide a holistic approach to financial planning and offer a range of investment advisory services to our clients.

Our services include review of all aspects of a client's current financial situation, with an emphasis on income tax planning, estate planning, insurance planning, retirement planning, and capital needs planning as well as asset management. To the extent other services are needed, we will assist the client in those areas in which we are competent to give advice.

Saling Simms Associates, Inc. may also help the client coordinate the information of any recommendations made. This includes the referral to other practicing professionals whose services may be required.

SSAI tailors its advisory services to the individual needs of the client by conducting initial interviews with the client and developing an investment strategy catered to each client's needs. SSAI works with clients to create an investment strategy suitable for their goals and objectives; including restrictions by the client that may be placed on certain securities.

SSAI also provides model portfolios and investment advisory services to defined contribution and defined benefit participants.

As of March 11, 2021 we help clients manage \$141,070,917 on a discretionary basis and \$140,225,844 on a non-discretionary basis.

### Additional Services

SSIA also actively engages in tax planning, insurance and securities sales, and offers fixed annuities and advice on fixed annuities. The sales of insurance products are through the investment adviser representative's ("IAR") affiliation as an Agent with Saling Simms Associates Insurance Agency and Securities sales are done through the IAR's affiliation as a Registered Representative with Raymond James Financial Services ("RJFS"), member FINRA/SIPC. Additionally, advice may be rendered regarding securities and/or financial planning through seminars. Such seminars may be used as an introduction to the financial planning process as noted above. Generally, seminars are offered to clients and guest for free, and may be sponsored by an investment or insurance company which does business with SSAI, or an affiliate. On some occasions a fee may be charged. Any fees charged are fully disclosed in advance of the seminar or speaking engagement.

The advisor may from time to time issue special reports, charts, graphs, etc. to its clients. It may offer investment advice in manners not described above.

### **Termination of Advisory Services**

The client's advisory agreement with SSAI may be terminated by the client or SSAI at any time upon providing notice to the other party. There is no penalty for terminating the advisory agreement. Upon termination, the client will receive a refund of the portion of the prepaid asset-based fee which is not earned by SSAI. Termination of the advisory agreement will end the investment advisory relationship as it pertains to that account and SSAI will have no further obligation to recommend or take any action with respect to the securities or cash remaining in the account. Upon termination of the advisory agreement, clients may provide instructions to either liquidate the securities or to hold these securities in their brokerage account.

Should the client terminate their investment management agreement with an OSM Manager, SSAI will not be responsible for the OSM Manager's reimbursement of prepaid management fees not earned by the OSM Manager upon termination.

Accounts in the Ambassador program are not for day trading or other extreme trading activity, including excessive options trading or trading in mutual funds based on market timing. As such, pursuant to the respective program's advisory agreement, SSAI reserves the right to terminate, in its sole discretion, any client account in these account programs that it feels has engaged in or exhibited excessive trading.

### **ASSET MANAGEMENT SERVICES**

Saling Simms Associates, Inc. provides investment advisory services under the following programs:

#### **1. AMBASSADOR Account**

The Ambassador program is a wrap fee investment advisory account administered by Raymond James Financial Services Advisers, an SEC registered investment adviser. Your IAR will manage your account on a discretionary or non-discretionary basis according to your objective.

This account offers you the ability to pay an asset based advisory fee which includes transaction costs within the advisory fee in lieu of a commission for each transaction. SSAI receives a portion of the fee.

Accounts Managed By Other Asset Managers

## 1. RAYMOND JAMES CONSULTING SERVICES

Raymond James Consulting Services (RJCS), a division of Raymond James & Associates (“RJA”) member NYSE/SIPC, selects portfolio managers (“sub- advisors”) for the RJCS program, establishes custodial facilities, monitors performance of Client accounts, provides Clients with accounting and other administrative services and assists portfolio managers with certain trading activities. Based upon the Client’s financial needs and investment objectives, the IAR assists the Client in selecting the appropriate sub-advisor(s). The Investment Management Agreement is solely between RJA and the Client, and there is no direct agreement between the sub-advisor and the Client. Clients may contact the sub-advisor, but generally do so through their IAR or the RJCS Client Services Department. IAR receives a portion of the fee.

RJCS serves as a conduit through which SSAI clients can access unaffiliated money management firms. All managers hired have passed an in-depth quantitative and qualitative screening process and are subject to on-going monitoring by the Asset Management Services (AMS) Manager Selection & Due Diligence team. *See* additional disclosure at Item 5 and 8 below regarding AMS. **Please Note:** Unless expressly provided to the contrary, the management fees charged by such unaffiliated money management firms are separate from, and in addition to, SSAI’s advisory fee.

## 2. The FREEDOM Account (“FREEDOM”)

The Freedom Account is an investment advisory account which allocates Client assets, through discretionary mutual fund or exchange traded fund (“ETF”) management, based upon your financial objectives and risk tolerances. You appoint Raymond James as your investment adviser to select the representative funds and monitor their performance on a continuing basis. Your IAR receives a portion of the fee.

## MISCELLANEOUS

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** SSIA **does not** serve as an attorney, accountant, or insurance agent, and no portion of our services should be construed as same. Accordingly, SSIA **does not** prepare legal documents, prepare tax returns, or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.), including representatives of SSIA in their separate individual capacities as representatives of Raymond James Financial Services (“RJFS”), an SEC registered and FINRA member broker-dealer, and as licensed insurance agents of SSIA’s affiliated insurance agency, Saling Simms Associates Insurance Agency. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from SSIA and/or its representatives. **Please Note:** If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged unaffiliated licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** SSIA, shall be

responsible for the quality and competency of the services provided. **Please Also Note-Conflict of Interest:** The recommendation by SSIA representative that a client purchase a securities or insurance commission product from a SSIA representative in his/her individual capacity as a representative of RJFS and/or as an insurance agent, presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products from SSIA representative. Clients are reminded that they may purchase securities and insurance products recommended by SSIA through other, non-affiliated broker-dealers and/or insurance agents/agencies. **ANY QUESTIONS: SSIA's Chief Compliance Officer, Brent Simms, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

**Please Note: Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If SSIA recommends that a client roll over their retirement plan assets into an account to be managed by SSIA, such a recommendation creates a conflict of interest if SSIA will earn new (or increase its current) compensation as a result of the rollover. When acting in such capacity, SSIA serves as a fiduciary under the Employee Retirement Income Security Act (ERISA), or the Internal Revenue Code, or both. **No client is under any obligation to roll over retirement plan assets to an account managed by SSIA. SSIA's Chief Compliance Officer, Brent Simms, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

**Portfolio Activity.** SSIA has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, SSIA will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when SSIA determines that changes to a client's portfolio are neither necessary, nor prudent. The advisory and other fees described in Item 5 below remain payable during periods of account inactivity.

**Mutual and Exchange Traded Funds:** SSIA utilizes mutual funds and exchange traded funds to manage client accounts. In addition to SSIA's investment advisory fee described at Item 5 below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Client Obligations.** In performing our services, SSIA shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, it remains each client's responsibility to promptly

notify SSIA if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

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

## **Item 5 – Fees and Compensation**

Fees charged for the full financial planning services vary and will be dependent upon the nature and the size of the overall client relationship, anticipated time and complexity of the plan, the level and type of advisory or other financial services being expected to be provided. The fees are determined in advance and disclosed to the client prior to the time the Financial Planning Agreement is executed. Asset management fees will be based on the investment advisory account that the client requests. The fees associated with each account are outlined in the Asset Management Services section. Rarely will a fee quoted depart from the established fee schedule but exceptional circumstances may dictate a higher or lower fee. It is possible that a client of Saling Simms Associates, Inc. may pay more or less for similar services than another client.

The fees are payable as follows:

- Hourly rates for plan development or consultation including seminars: \$85-\$180
- Fixed fees for plans will run between \$200-\$3000 depending on the complexity and comprehensiveness of the plan.
- Asset Management fees will be based on the type of account utilized and will be outlined in the signed Ambassador, Freedom or RJCS account brochure. Minimum account size \$10,000 (some exceptions may apply)

SSAI provides accounts through RJFS including Ambassador, Raymond James Consulting Services, and Freedom in which the client is provided with on-going investment advice and monitoring with respect to their security holdings. The account types are allocated and managed to match the client's objectives. The client is provided with quarterly summaries and performance analysis: There may be a nominal transaction charge for executing trades which are outlined in each respective account brochure. Some mutual funds will have a transaction charge. Refer to current Freedom agreement for fees associated with these accounts.

For mutual funds which provide RJFS 12-b-1 fees or an administration expense fee covering the cost of processing transactions no transaction charge is paid by the account. Both such fees are provided for in the mutual fund prospectus. Additionally, mutual funds may from time to time direct



trades through the broker/dealer as a consideration for the broker/dealer processing mutual fund transactions for the client.

Fees are subject to reduction based upon the nature of the services provided. Fees are paid quarterly in advance based upon the ending market value of the account on the last day of the previous quarter.

Unless otherwise indicated, asset-based advisory fees are calculated based on an incremental pricing schedule. For example, an account valued at \$1,000,000 would be charged under the standard pricing schedule as follows (sample):

First \$500,000 in assets charged at 2.25%

Next \$500,000 in assets charged at 1.75% = \$20,000 annualized fee (2.00% annualized rate)

## ASSET MANAGEMENT SERVICES:

### 2) Ambassador Program

*\*SSAI will cap the investment fee for Discretionary Ambassador accounts under \$1 million at maximum of 1.35% and accounts over \$1 million will be capped at 1%.*

#### **Asset Based Fees**

For purposes of calculating and assessing asset-based fees, Raymond James uses the term “Account Value”, which may be different than the asset value as reported on brokerage statements provided to clients by Raymond James. Pursuant to the investment management or advisory agreement, Account Value is defined as the total absolute value of the securities in the Account, long or short, plus all credit balances, with no offset for any margin or debit balances.

The annual asset-based fees associated with the aforementioned account programs are payable quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the Account Value as of the last business day of the previous calendar quarter, and becomes due the following business day.

If cash or securities, or a combination thereof, amounting to at least \$100,000 are deposited to or withdrawn from a client’s account on an individual business day in the first two months of the quarter, Raymond James will: (i) assess asset-based fees based on the value of the assets on the date of deposit for the pro rata number of days remaining in the quarter, or (ii) refund prepaid asset-based fees based on the value of the assets on the date of withdrawal for the pro rata number of days remaining in the quarter. No additional asset-based fees or adjustments to previously assessed asset-based fees will be made in connection with deposits or withdrawals that occur during the last month of the quarter unless requested by the client. Notwithstanding the above \$100,000 adjustment threshold, Raymond James reserves the right, in its sole discretion, to process or not process fee adjustments when the source and destination of deposits and withdrawals involve a client’s other fee-based advisory accounts. For example, a transfer of \$100,000 into a joint RJCS account funded from two \$50,000 withdrawals from separate Ambassador accounts will have the \$100,000 billed in their joint RJCS account and each of the Ambassador accounts will be refunded previously assessed fees on the separate \$50,000 withdrawals for the pro rata period remaining in the quarter.

The client authorizes and directs Raymond James as custodian to deduct asset-based fees from their account. Clients will be provided brokerage statements, at least quarterly, showing all amounts

disbursed from the client's account, including the amount of the asset-based fee, the Account Value on which the fee was based, and the manner in which the fee was calculated.

The asset-based fees associated with the above advisory account programs include all execution and clearing charges except: (1) certain dealer-markups and odd lot differentials, taxes, exchange fees charged to clients to offset fees Raymond James pays to exchanges and/or regulatory agencies on certain transactions and any other charges imposed by law with regard to any transactions in the account; and (2) offering concessions and related fees for purchases of public offerings of securities as more fully disclosed in the prospectus.

Should the client transfer management duties from one SMA Manager to another SMA Manager within the RJCS program, any prepaid asset-based fees will be reimbursed for the period not earned by the previous SMA Manager and billed for the remainder of the period for the newly designated SMA Manager.

Employees of Raymond James or its affiliates are eligible for lower management fee arrangements for their personal accounts.

#### **ADMINISTRATIVE-ONLY ASSETS**

Certain securities may be held in your advisory account and designated “Administrative-Only Investments.” There are two primary categories of Administrative-Only Investments: Client-designated and Raymond James-designated. Client-designated Administrative-Only Investments may be designated by financial advisors that do not wish to collect an advisory fee on certain assets, while Raymond James-designated Administrative-Only assets are designated as such by RJFS in conformance with internal policy. For example, a financial advisor may make an arrangement with a client that holds a security that the financial advisor did not recommend or the client wishes to hold for an extended period of time and does not want their financial advisor to sell for the foreseeable future. In such cases the financial advisor may elect to waive the advisory fee on this security, but allow it to be held in the client’s advisory account – such designations fall into the Client-designated category. Alternatively, RJFS may determine that certain securities may be held in an advisory account but are temporarily not eligible for the advisory fee (such as for mutual funds purchased with a front-end sales charge through RJFS within the last two years, new issues and syndicate offerings). Assets designated by RJFS as temporarily exempt from the advisory fee fall into the Raymond James-designated category.

Administrative-Only Investments will not be included in the Account Value when calculating applicable asset-based advisory fee rates. For example, a client whose account holds \$750,000 of cash and securities that includes \$150,000 of Administrative-Only Investments will only have the asset-based fee rate assessed based on the \$600,000 Account Value. For clients with multiple fee-based accounts, the Relationship Value will be used to determine the applicable fee rate that will

be assessed. However, clients should understand that any assets held as Administrative-Only Investments will not be included in the Relationship Value. Please see the “Aggregation of Related Fee-Based Account” section for additional information on how Raymond James combines related accounts for fee billing purposes.

### **ASSET-BASED Aggregation**

Participants in the above programs may be entitled to discounted asset-based fees if they maintain one or more eligible Related Accounts within these programs.

Related Accounts are accounts of an individual, his or her spouse, and their children under the age of twenty-one. The term includes individually owned accounts, individual retirement accounts (IRAs), self-directed accounts (i.e., directed by individual participants) under an employee benefit plan (ERISA plan) and ERISA plan accounts in which an individual is the sole participant. Thus, Related Accounts participating in the fee aggregation program may be aggregated for advisory fee purposes, so that each account will pay a fee that is calculated on the basis of the Relationship Value (total of all Related Accounts). It is the client's responsibility to identify all Related Accounts for purposes of qualifying for an aggregated account fee discount. While Raymond James may attempt to identify Related Accounts, it will not be responsible for failing to consider any Related Accounts not listed by the client.

### **Billing on Cash Balances**

Raymond James will assess advisory fees on cash sweep and foreign currency balances (“cash”) held in Ambassador accounts. If the cash balance exceeds 20% of the Account Value as of the last business day of the quarter (“the valuation date”) for three (3) consecutive quarterly valuation dates, the amount in excess of 20% is excluded from billing. For example, an Ambassador account that held 30% of the Account Value for three (3) consecutive billing valuation dates (March 31st, June 30th, and September 30th) would have the amount in excess of 20% excluded from the Account Value in which advisory fees are applied. For simplicity of illustration, assuming an account was valued at \$100,000 for all three (3) quarterly billing periods, with \$30,000 held in cash, the September 30th valuation date would exclude \$10,000 of the cash from the Account Value when assessing the advisory fee.

This fee billing provision (or “Cash Rule”) is intended to equitably assess advisory fees to client assets for which an ongoing advisory service is being provided; the exclusion of excess cash from the advisory fee is intended to benefit clients holding substantial cash balances (as a percentage of the total individual Account Value) for an extended period of time. Clients should understand that the portion of the account held in cash will experience negative performance if the applicable advisory fee charged is higher than the return received on the cash sweep balance.

The Cash Rule may pose a financial disincentive to a financial advisor as the portion of cash sweep balances in excess of 20% will be excluded from the asset based fee charged to the account. This may cause a financial advisor to reallocate a client account from cash to advisory fee eligible investments, including money market funds, or to recommend against raising cash, in order to avoid

the application of this provision and therefore receive a fee on the full account value. Clients may direct their financial advisor to raise cash by selling investments or hold a predetermined percentage of their account in cash at any time. The Cash Rule is applicable only to cash sweep and foreign currency balances and, therefore, non-sweep money market funds would not result in excess “cash” balances being excluded from the asset based advisory fee calculation.

Within the Ambassador accounts, the Cash Rule applies on an individual account basis. Your financial advisor may receive more compensation by not applying the Cash Rule at the household level and instead electing to do so at the account level.

Cash balances are generally expected to be a small percentage of the overall account value, as determined by the SMA/UMA Managers, in the American Funds, EHNW, Freedom, Freedom UMA, MDA, RJCS, RJRP and Russell managed accounts and therefore these accounts are not subject to the Cash Rule.

## **INVESTMENT OF CASH RESERVES**

Raymond James has established certain programs through which cash reserves “sweep” daily to and from the client’s investment account to cover purchases or to allow excess cash balances to immediately begin earning interest, subject to certain minimum balances. The account in which these cash reserves are held is considered the client’s sweep account. Raymond James sweep programs include the following:

- Client Interest Program® (CIP)
- Raymond James Bank Deposit Program (“RJBDP”), including:
  - RJBDP – Raymond James Bank Only
  - RJBDP with CIP

However, not all sweep programs are available in all accounts; rather, what sweep programs are available depends on the specific account type.

For important information on what sweep programs are available for each account type and how each sweep program operates, please refer to “Sweeps (Transfers) To and From Income-Producing Accounts” in the “Your Rights and Responsibilities as a Raymond James Client” Brochure, a current copy of which is available from your financial advisor, or you may visit the Raymond James public website for additional information: <https://www.raymondjames.com/wealth-management/advice-products-and-services/banking-and-lending-services/cash> management/cash-sweeps. That website also includes a link at which the interest rates and rate tiers for CIP and RJBDP are posted online. For information on the rate being paid on your particular account(s), please contact your financial advisor or consult your periodic account statements.

With respect to cash reserves of advisory client accounts, the custodian of the account assets will determine where cash reserves are held. The custodian may offer one or multiple options to different account types (such as non-taxable and managed accounts). In addition, the custodian may, among other things, consider terms and conditions, risks and features, conflicts of interest, current interest rates, the manner by which future interest rates will be determined, and the nature and extent of insurance coverage (such as deposit protection from the Federal Deposit Insurance

Corporation (“FDIC”) and SIPC). The custodian may change, modify or amend an investment option at any time by providing the client with thirty days advance written notice of such change, modification or amendment. Clients selecting the Raymond James Bank Deposit Program (“RJBDP”) option are responsible for monitoring the total amount of deposits held at each Bank in order to determine the extent of FDIC insurance coverage available. Raymond James is not responsible for any insured or uninsured portion of client deposits at any of the Banks.

In the RJBDP sweep program, Raymond James receives revenue from the participating banks. Each participating bank, except Raymond James Bank, will pay Raymond James a fee equal to a percentage of the average daily deposit balance in the client account at the bank. The fee paid to Raymond James may be an annual rate of up to an average of 3% as applied across all client accounts taken in aggregate. Raymond James Bank will pay Raymond James an annual fee of up to \$100 per account. Raymond James does not receive fees in connection with account deposits of advisory IRAs and ERISA accounts.

Deposits in client accounts at Raymond James Bank provide a stable and low-cost source of funds for Raymond James Bank which helps contribute to the overall profitability of the Bank. Raymond James Bank generally earns a higher rate of interest on deposit balances than the interest it pays on those balances. The banks participating in the sweep programs earn income by lending or investing the deposits they receive and charging a higher interest rate to borrowers, or earning a higher yield, than the participating banks pay on the deposits held through these sweep programs. Like the other participating banks in the program, Raymond James Bank earns revenue minus interest paid by Raymond James as a participating member to clients who have assets on deposit at Raymond James Bank. Raymond James Bank may also buy securities using the deposits placed in the RJBDP sweep program. Raymond James Bank uses the funds in the client accounts to fund new lending and investment activity. The revenue received by Raymond James Bank on those balances is dependent upon lending activities and which securities are purchased. The profitability of Raymond James Bank is determined in large part by the difference between the interest paid and other costs associated with its deposits, and the interest or other income earned on its loans, investments, and other assets.

Raymond James Bank and the interest rate it offers through the RJBDP sweeps may differ from the interest rate or yield on the Client Interest Program (“CIP”). Raymond James bank does not receive revenue for assets held within the CIP sweep program and in those cases where assets are not allocated to Raymond James as part of the RJBDP sweep program.

The revenue generated by Raymond James or an affiliate will vary compared to revenue generated by sweep programs available at other firms. The interest rate or yield on the Raymond James sweep programs may be higher or lower than the interest rate or yield available in other sweep programs at other institutions. Clients may be able to earn more favorable rates of return by

investing in other asset classes, including alternatives to cash such as money market mutual funds and treasury bills, but performance of those asset classes is not guaranteed.

## **OTHER CONSIDERATIONS**

**Wrap Fee Program fees** “The wrap fee assessed by Raymond James covers the cost of brokerage commissions on transactions effected through Raymond James within the RJCS program. In the event an SMA Manager elects to utilize brokers or dealers other than Raymond James to effect a block order in a recommended security (“trade away” from Raymond James), brokerage commissions and other charges are generally assessed to the block order by the executing broker or dealer. In the event an SMA Manager elects to trade away from Raymond James, those transactions are generally traded from broker to broker and are frequently cleared without any commissions. However, you should be aware that, in many cases, the executing broker or dealer may assess a commission or other charges to the block order and such costs will be in addition to the wrap fee assessed by Raymond James. As a result, the net purchase or sale price reflected on trade confirmations and brokerage statements provided by Raymond James on these trades may embed brokerage commissions or dealer markups or markdowns charged by the executing broker, that are not separately itemized by Raymond James. For example, a block order of security XYZ purchased for \$10 that is assessed a commission of \$.01 (1 cent) by the executing broker would show a purchase price in the client’s account of \$10.01. By incorporating reference to this site, SSAI will provide disclosure so clients can understand that investment disciplines of SMA Managers that elect to trade away from Raymond James will generally be more costly to clients than those disciplines of SMA Managers that elect to trade exclusively or primarily through Raymond James. Some SMA Managers have historically directed most, if not all, of their program trades to outside broker-dealers, and only maintenance trades are effected through Raymond James (where maintenance trades are those associated with individual new account openings, capital additions/disbursements, and account terminations). Raymond James will identify individual trades that have been traded away from Raymond James on the client’s trade confirmation and will report the aggregate cost to clients in their brokerage statement on a quarterly basis...

- Individual trades that have been traded away from Raymond James are being identified on the client’s trade confirmation, with a reference to the above website for additional information.
- The aggregate cost for these trades are being reported in the client’s quarterly brokerage statement, with a reference to the above website for additional information. Please keep in mind that the reporting period for each quarter includes the last month of the previous quarter and the first two months of the most recent quarter. For example, the data reported in the client’s first quarter brokerage statement would include December, January, and

February. The second quarter's brokerage statement would include March, April, and May data.

- The RJCS Client Agreement identifies the specific Manager disciplines that trade away from Raymond James, with a reference to the above website for additional information.
- Marketing and sales materials, such as the quarterly *A Closer Look* guide and manager profiles, identify the specific Manager disciplines that trade away from Raymond James and provide additional client disclosures.
- Further information such as, Best Execution Obligations, Raymond James Trade Execution, Trade Aggregation and Rotation Practices, SMA Managers that Trade Away From Raymond James, Frequency and cost of step out trades by manager/discipline, the difference between SMA Managers and Model Managers, Trading Practices - Can be found at this link <https://www.raymondjames.com/legal-disclosures/disclosure-trading-practices> “

#### **Additional Expenses Not Included in the Asset-Based Advisory Fee**

Clients may also incur charges for other account services provided by SSAI not directly related to the advisory, execution and clearing services provided including, but not limited to, IRA custodial fees, safekeeping fees, charges/interest for maintenance of margin and/or short positions, and fees for legal or courtesy transfers of securities. For a complete list of account service charges, please contact your financial advisor or visit Raymond James' public website:

[http://www.raymondjames.com/services\\_and\\_charges.htm](http://www.raymondjames.com/services_and_charges.htm) (Client Account Services and Charges).

Certain open-end mutual funds that may be acquired by you, in addition to assessing management fees, internally assess a distribution fee pursuant to section 12(b)-1 of the Investment Company Act of 1940, or an administrative or service fee (“trail”). Trails are included in the calculation of operating expenses of a mutual fund and are disclosed in the fund prospectus. If received by Raymond James on advisory fee eligible mutual funds, trails will be credited bi monthly (as applicable) to the client's account(s) to offset advisory fees incurred by clients. The existence of a 12(b)-1 fee is disclosed in the mutual fund prospectus.

Clients should understand that the annual advisory fees charged in the aforementioned programs are in addition to the management fees and operating expenses charged by open-end, closed-end and exchange-traded funds. To the extent that a client intends to hold fund shares for an extended period of time, it may be more economical for the client to purchase fund shares outside of these



programs. Clients may be able to purchase mutual funds directly from their respective fund families without incurring the SSAI advisory fee, or where applicable, processing fees. When purchasing directly from fund families, clients may incur a front- or back-end sales charge.

Clients should also understand that the shares of certain mutual funds offered in these programs may impose short-term trading charges for redemptions (typically 1%-2% of the amount redeemed) made within short periods of time. These short-term charges are imposed by the funds (and not SSAI) to deter “market timers” who trade actively in fund shares. Clients should consider these short-term trading charges when selecting the program and/or mutual funds in which they invest. These charges, as well as operating expenses and management fees, may increase the overall cost to the client by 1%-2% (or more), and are available in each fund’s prospectus.

Clients should be aware that exchange traded funds (“ETFs”) incur a separate management fee, typically 0.20%-0.40% of the fund’s assets annually (although individual ETFs may have higher or lower expense ratios), which is assessed by the fund directly and not by SSAI. This management fee is in addition to the ongoing advisory fee assessed by SSAI, and will generally result in clients which utilize an SMA Manager or Investment Strategy that invests in ETFs paying more than clients utilizing one that does not invest in ETFs, without taking into effect negotiated asset-based fee discounts, if any. Certain ETFs may be classified as partnerships for U.S. federal income tax purposes, which may result in unique tax treatment, including Schedule K-1 reporting. Prospective or existing RJCS, Freedom or Freedom UMA clients should consult their tax adviser for additional information regarding the tax consequences associated with the purchase, ownership and disposition of such investments. Additional information is also available in the ETF prospectus, which is available upon request.

Certain no-load variable annuities may be purchased in or transferred into accounts in the Ambassador program and may be charged an asset-based advisory fee. The annual advisory fees charged for these no-load variable annuities are in addition to the management fees and operating expenses charged by the insurance companies offering these products.

In the event an SMA Manager elects to utilize brokers or dealers other than Raymond James to effect a transaction in a recommended security (“trade away” from Raymond James), brokerage commissions and other charges for transactions not effected through Raymond James are generally charged to the client by the executing broker or dealer, whereas the wrap fee assessed by Raymond James covers the cost of brokerage commissions on transactions effected through Raymond James. Please refer to the “Brokerage Practices – Directed Brokerage and Trade Execution” section for additional information regarding trades executed away from Raymond James.

#### **Additional bundled service cost considerations**

A client's total cost of each of the services provided through these programs, if purchased separately, could be more or less than the costs of each respective program. Cost factors may include the client's ability to:

1. Obtain the services provided within the programs separately with respect to the selection of mutual funds,
2. Invest and rebalance the selected mutual funds without the payment of a sales charge, and
3. Obtain performance reporting comparable to those provided within each program.

When making cost comparisons, clients should be aware that the combination of multiple mutual fund investments, advisory services, custodial and brokerage services available through each program may not be available separately or may require multiple accounts, documentation and fees. If an account is actively traded or the client otherwise does not qualify for reduced sales charges for fund purchases, the fees may be less expensive than separately paying the sales charges and advisory fees. If an account is not actively traded or the client otherwise would qualify for reduced sales charges, the fees in these programs may be more expensive than if utilized separately. The client's financial advisor may have a financial incentive to recommend a fee-based advisory program rather than paying for investment advisory services, brokerage, performance reporting and other services separately. A portion of the annual advisory fee is paid to the financial advisor, which may be more than the financial advisor would receive under an alternative program offering of Raymond James or if the client paid for these services separately. Therefore, the client's financial advisor may have a financial incentive to recommend a particular account program over another. Financial advisors do not receive a financial incentive to recommend and sell proprietary mutual funds versus non-proprietary funds. However, because compensation structures vary by product type, financial advisors may receive higher compensation for certain product types. In addition, your financial advisor may receive incentive compensation for utilizing a particular advisory program. Please refer to the "Client Referrals and Other Compensation" section for information regarding additional asset-based compensation to financial advisors.

SSAI believes the charges and fees offered within each fee-based program are competitive with alternative programs available through other firms and/or investment sources, yet makes no guarantee that the aggregate cost of a particular program is lower than that which may be available elsewhere.

### **Financial Planning and Consulting Services**

Financial Planning and consulting fees are negotiable. Fees charged for these services will be dependent upon the anticipated time to provide the services and complexity of the plan and/or your financial situation. The fees are determined in advance and disclosed to you at the time the Investment Advisory Consulting Agreement is executed. It is possible that you may pay more or less for similar services than may be available through another firm.

The fees for financial planning and consulting services are payable as follows:

1. Hourly rates for plan development or consultation are due at the completion of the plan or services provided.
2. Fixed fees for plans or consulting services vary depending on the complexity and comprehensiveness of the plan or consulting services rendered.
3. Billing as a percentage of assets is used for assets held outside of RJFS, such as 401K accounts held directly with the plan sponsor or accounts held at other financial institutions. Services rendered and the fees charged are disclosed in each Investment Advisory Consulting Agreement.

You may terminate the advisory relationship without penalty within five (5) days of entering into the advisory agreement. However, SSAI may bill you for actual time and expenses incurred prior to termination.

It is important to note that we may provide investment product or securities recommendations as part of financial planning services or hourly consulting services. This will present a conflict to the extent that your IAR receives compensation from such recommendations. Also, compensation to your IAR and SSAI may vary depending on the product or service your IAR recommends. Therefore, your IAR may have a financial incentive to recommend that financial plan or consulting advice be implemented using a particular product or service over another product or service.

You are under no obligation to purchase securities or services through SSAI and your IAR nor are you obligated to implement a financial plan through SSAI. If you decide to purchase certain investments through your IAR, who is acting in a non – advisory capacity, you should understand that SSAI and your IAR may receive compensation for those services, such as commissions and/or trail fees. You should discuss with your IAR how SSAI and your IAR will be compensated for any recommendations in the plan.

If you decide to implement the financial plan or consulting advice through an SSAI advisory program or service, your IAR will provide you at the time of engagement with a client agreement that will contain specific information about fees and compensation that your IAR and SSAI will receive in connection with that program.

The timing or nature of any action taken for your account may be different. You should note that similar advisory services may be available from other registered investment advisers for similar or lower fees.

*\*Some fees are subject to negotiation.\**

When a separate investment advisory agreement is needed the specific manner in which fees are charged by Saling Simms Associates is established in a client's written agreement with Saling Simms Associates. Saling Simms Associates will generally bill its fees on a quarterly basis. Clients may elect to be billed in advance or arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize Saling Simms Associates to directly debit fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Saling Simms Associates' fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Saling Simms Associates' fee, and Saling Simms Associates shall not receive any portion of these commissions, fees, and costs.

You should also understand that certain no-load variable annuities may be offered in the Ambassador program and may be charged an advisory fee. The annual advisory fees charged for these no-load variable annuities are in addition to the management fees and operating expenses charged by the insurance companies offering these products.

You should understand that certificates of deposit ("CD"s) from Raymond James Bank may be purchased, with a commission, in the Ambassador program. These CDs are considered non-billable assets for one year. Due to your IAR's affiliation with Raymond James Financial (NYSE-RJF) and Raymond James Bank, being a wholly owned subsidiary of Raymond James Financial, Inc. (NYSE- RJF), a potential conflict of interest may exist.

You should also understand that more sophisticated investment strategies such as short sales and margin may be offered in the Ambassador and IMPAC programs. Fees for advice and execution on these securities are based on the total asset value of the account. While a negative amount may show on your statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This could create a conflict of interest where your IAR benefits from the use of margin creating a higher absolute market value and therefore receive a higher fee. The use of margin also results in interest charges in addition to all other fees and

expenses associated with the security involved. Additional information on the use of margin is discussed below in the “Buying Securities on Margin and Margin Interest” section under Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss.

Your total cost of each of the services provided through these programs, if purchased separately, could be more or less than the costs of each respective program. Cost factors may include your ability to:

1. obtain the services provided within the programs separately with respect to the selection of mutual funds,
2. invest and rebalance the selected mutual funds without the payment of a sales charge, and
3. obtain performance reporting comparable to those provided within each program.

When making cost comparisons, you should be aware that the combination of multiple mutual fund investments, advisory services, and custodial and brokerage services available through each program may not be available separately or may require multiple accounts, documentation and fees. If an account is actively traded or you otherwise may not qualify for reduced sales charges for fund purchases, the fees may be less expensive than separately paying the sales charges and advisory fees. If an account is not actively traded or you otherwise would qualify for reduced sales charges, the fees in these programs may be more expensive than if utilized separately.

Further information regarding fees assessed by a mutual fund, variable annuity or UIT is available in the appropriate prospectus, which you may request from your IAR.

The mutual funds and ETFs available in the programs often may be purchased directly. Therefore, you could avoid the second layer of fees by not using the investment advisory account and making your own decisions regarding the investment.

You should be aware that only those mutual fund companies which RJFS has a selling agreement with will be available for purchase within the Ambassador program, and are generally limited to those fund companies that provide RJFS and its affiliates marketing service and support fees. As a result, not all mutual funds available to the investing public will be available for investment. However, RJFS has selling agreements with over 300 fund companies, offering over 9,000 separate mutual funds for potential investment.

If you are considering transferring mutual fund shares to or from Raymond James you should be aware that if the firm from or to which the shares are to be transferred does not have a selling agreement with the fund company, you must either redeem the shares (paying any applicable contingent deferred sales charge and potentially incurring a tax liability) or continue to maintain an investment account at the firm where the fund shares are currently being held. You should inquire as to the transferability, or “portability”, of mutual fund shares prior to initiating such a transfer. The

AMS Investment Committee may invest in funds or share classes not available outside of managed account programs such as the Freedom or Freedom UMA programs. For example, a fund company may agree to allow the AMS Investment Committee to buy an institutional share class of a fund for Freedom program accounts, while restricting individual client-directed purchases of the same share class in non-managed retail accounts. Upon termination of their Freedom or Freedom UMA account, you would generally be permitted to continue holding the institutional class of the fund, but will be unable to make additional investments. In addition, upon termination of an account holding Separately Managed Account (“SMA”) Fund shares purchased in a managed account through RJA, these shares will be redeemed immediately by RJA, as they may not be held outside of an SMA account. Please refer to the “Methods of Analysis, Investment Strategies and Risk of Loss” section for additional information regarding SMA Funds.

Marketing representatives of mutual fund companies, who are often referred to as “wholesalers”, work with Raymond James financial advisors and their branch office managers to promote their mutual funds. Consistent with applicable laws and regulations, these mutual fund companies may pay for or provide training and education programs for Raymond James’ financial advisors and their existing and prospective clients. Mutual fund companies may also pay for due diligence meetings, conferences, relationship building events, occasional recreational activities and other events or activities that are intended to result in the promotion of their mutual funds.

#### BUYING SECURITIES ON MARGIN AND MARGIN INTEREST

When clients purchase securities they may either pay for the securities in full or borrow part of the purchase price from Raymond James. Clients that choose to borrow funds for purchases must open a margin account with Raymond James, upon approval based on the firm’s analysis of, among others things, the client’s creditworthiness and the suitability of margin use by the client. The securities purchased on margin are the firm’s collateral for the margin loan. If the securities in the client’s account decline in value, so does the value of the collateral supporting the margin loan, and as a result, Raymond James may take action, such as issue a margin call and/or sell securities in the account, in order to maintain the required equity.

It is important that clients fully understand the risks involved in trading securities on margin (including selling short). Upon approval, where applicable, clients will receive a Truth In Lending Statement from Raymond James disclosing such risks, as well explaining the details and conditions under which interest will be charged, the method of computing interest and the conditions under which additional collateral may be required. Clients should understand that the extension of credit by Raymond James to clients will appear as a debit balance on the monthly brokerage statement.

You should also understand that more sophisticated investment strategies such as short sales and margin may be offered. Fees for advice and execution on these securities are based on the total asset value of the account. While a negative amount may show on your statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This could create a conflict of interest where your IAR benefits from the use of margin creating a higher absolute market value and therefore receive a higher fee. The use of margin also results in interest charges in addition to all other fees and expenses associated with the security involved.

Clients that purchase securities on margin should understand: 1) the use of borrowed money will result in greater gains or losses than otherwise would be the case without the use of margin, and 2) there will be no benefit from using margin if the performance of their account does not exceed the interest expense being charged on the margin balance plus the additional advisory fees assessed on the securities purchased using margin.

### **Other Potential Conflicts Of Interest To Consider:**

SSAI IARs may have a financial incentive to recommend certain fee-based advisory programs rather than certain other account types. A portion of the annual advisory fee is paid to your IAR, which may be more than they would receive under an alternative program, or if you paid for these services separately. Therefore, your IAR may have a financial incentive to recommend a particular account program over another. If you do not wish to purchase ongoing investment advice or management services or you wish to follow a buy and hold strategy, you should consider opening a brokerage account rather than a fee based 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.

Your IAR does not receive a financial incentive to recommend or sell proprietary mutual funds versus non-proprietary funds. However, because compensation structures vary by product type, IARs may receive higher compensation for certain product types.

As part of its fiduciary duties to clients, SSAI endeavors at all times to put the interests of its advisory clients first. You should be aware, however, that the receipt of economic benefits by SSAI (or its IARs, related persons, or affiliates) in and of itself creates a potential conflict of interest.

In certain instances, we may be compensated for referring you to an unaffiliated asset manager. If this occurs, your IAR will provide you with a disclosure document explaining the referral relationship and the terms of any compensation we receive.

### **Individual Investment Advisory Consulting and Financial Planning**

Should you choose to implement the recommendations contained in your financial plan, we generally make recommendations with respect to products and services offered by us and our affiliates. However, the decision to implement any recommendation rests exclusively with you, and you have no obligation to implement any such recommendations through us or our affiliates.

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

SSIA does not offer, nor engage in, performance-based fee arrangements.

### **Item 7 – Types of Clients**

Saling Simms Associates provides portfolio management services to individuals, high net worth individuals, corporate defined-contribution and defined benefit plans, Taft-Hartley plans, charitable institutions, and foundations. Saling Simms Associates, Inc. also provides investment advice to professional and trade associations as well as to the members of these associations. SSAI has a minimum account size of \$25,000 for Ambassador accounts.

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

The investment strategy determined for you is based upon the objectives stated during consultations with your IAR. It is important to review investment objectives, risk tolerance, tax objectives and liquidity needs with your IAR before choosing an investment strategy. All investments carry a certain degree of risk and no one particular investment style or portfolio manager is suitable for all types of investors.

We may employ one or more of the following methods of investment analysis:

Fundamental Analysis: involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and



expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for an investment's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Charting Analysis: involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Technical Analysis: involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

Cyclical Analysis: a type of technical analysis that involves evaluating recurring price patterns and trends. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Sources of information may include Raymond James Research, financial publications, research materials prepared by others, corporate rating services, annual reports, prospectuses and filings with the Securities and Exchange Commission.

Since investment goals and financial circumstances change over time, you should review your investment program at least annually with your IAR. You may change your objectives at any time.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. All investment programs have certain risks that are borne by the investor. Investors face the following investment risks:

Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

If you are considering small-cap investments or objectives in which a portion or all of your assets are invested in small-cap disciplines, you should recognize the securities selected within these disciplines may not have the business experience or may have businesses that are still in the early stages of the business life cycle, may be less liquid, have lower trading volume and greater spreads between the purchase and sale price of the securities, and may experience greater volatility than

securities with larger market capitalizations. The securities selected for these disciplines will typically be more speculative in nature and thus have greater potential for the loss of principal.

If you are considering an international/global investment or discipline, in which a portion or all of your assets are invested in international securities, you should recognize that investing in international securities markets involves additional risks not associated with domestic securities. Exchange rate fluctuations, currency controls, political and economic stability, and greater volatility are risks commonly associated with international investing. You should carefully review your asset allocation objectives and risk tolerance before selecting a manager or discipline that invests internationally.

Investors considering a fixed income investment or discipline generally seek consistent returns with low risk, and their tolerance for risk/volatility will accept only infrequent, minimal losses. Because of the less volatile nature of the disciplines, a fixed income investor may have a shorter investment time horizon than equity and balanced investors, although the objective can accommodate investors with longer time horizons as well.

If you are considering investments that are primarily high-yield fixed income, collateralized mortgage obligations (“CMOs”), asset-backed and/or convertible securities, you should be aware that additional risks exist with these types of investments. These securities may be rated below investment grade or not rated, which reflects the greater possibility that the financial condition of the issuer, or adverse changes in general economic conditions, may impair the ability of the issuer to pay income and principal. To the extent that no established secondary market exists, there may be thin trading of high-yield bonds, which increases the potential for volatility.

Periods of rising interest rates or economic downturns may cause highly leveraged issuers to experience financial stress, and thus markets for their securities may become more volatile. AAA-implied rated CMOs will have more volatility than AAA-rated Treasuries or corporate bonds during periods of rising interest rates because of negative convexity -- slowing prepayments causing increased duration, or “extension risk.” CMOs may not be appropriate for some investors, especially if timing of return of principal is a primary concern. The yield and average life of a CMO will fluctuate, depending on the actual prepayment experience and changes in current interest rates. For example, a rise in interest rates may cause the duration and average life to greatly increase and cause a loss of value. Convertible securities combine the fixed characteristics of bonds and preferred stock with the potential for capital appreciation and may be subject to greater volatility than pure fixed-income instruments. The aforementioned securities may be illiquid when selling small positions and withdrawals may take several weeks.

A sell transaction by a person that believes the price of a security will decline in value, though that person does not own the security at the time of the sale is considered a “short sale”. Securities sold

short must be repurchased at a later date. When clients sell a security short, Raymond James must borrow the security in order to make delivery on the client's behalf. The value of the shares borrowed and sold short is deposited by Raymond James with the security lender, and must be executed in a margin account. The shares may be called back by the lender at any time. If the borrowed shares are recalled and cannot be replaced, the position may be closed without prior notice. Clients are responsible for any dividend payments as long as the short position remains open in their account. This dividend charge should be included in any net profit or loss calculated for short sale transactions. Eventually the short sale must be covered by buying the same amount of borrowed shares for return to the lender. If the shares are able to be repurchased at a lower price than they were sold for, the profit is the price difference between the initial short sale and repurchase - not including the charges/interest for maintenance of the short position and taxes. However, if the value of the security increases subsequent to the initiation of the short sale, the loss is the price difference between the repurchase and initial short sale - again, not including the charges/interest for maintenance of the short position and taxes. Short selling is an advanced trading strategy with many unique risks and pitfalls. Novice investors are advised to avoid short sales because this potentially may result in unlimited losses. For example, the share price of a security can only fall to zero (i.e., limited profit), but there is no limit to the amount it can rise (i.e., unlimited loss). Stock exchange and federal regulations govern and limit the conditions under which a short sale may be made on a national securities exchange.

When clients purchase securities they may pay for the securities in full or may borrow part of the purchase price from Raymond James. Clients that choose to borrow funds for purchases must open a margin account with Raymond James, upon approval based on the firm's analysis of, among others things, the client's creditworthiness and the suitability of margin use by the client. The securities purchased on margin are the firm's collateral for the margin loan. If the securities in the client's account decline in value, so does the value of the collateral supporting the margin loan, and as a result, Raymond James may take action, such as issue a margin call and/or sell securities in the account, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin (including selling short) before engaging in this activity. Upon approval, where applicable, you will receive a Truth In Lending Statement from Raymond James disclosing such risks, as well explaining the details and conditions under which interest will be charged, the method of computing interest and the conditions under which additional collateral may be required. You should understand that the extension of credit by Raymond James to clients will appear as a debit balance on the monthly brokerage statement. With respect to short sales, the client will be assessed asset-based advisory fees based on the value of the security sold short, but not on the proceeds received upon initiation of the short sale.

Therefore, as a result of the foregoing, your IAR and Raymond James may have a financial incentive to recommend the acquisition of securities on margin or otherwise have margin credit extended (including selling short). In the event of such margin credit extension, the costs incurred by you, as well as the compensation received by your IAR and Raymond James, will generally increase as the size of the outstanding margin balance increases.

An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying security at a specific price (i.e., strike price) on or before a certain date (i.e., expiration date). An option, just like a stock or bond, is a security. It is also a binding contract with strictly defined terms and properties. The two types of options available are calls and puts. A call option gives the holder the right to buy a security at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls believe that the stock will increase substantially before the option expires, and thereby allow them the option of buying the security at a price below the current market. A put option gives the holder the right to sell a security at a certain price within a specific period of time. Puts are similar to having a short position on a stock. Buyers of puts believe that the price of the stock will fall before the option expires, and thereby allow them the option of selling the security at a price above the current market. People who buy options are called holders and those who sell options are called writers; furthermore, buyers are said to have long positions, and sellers are said to have short positions. Call holders and put holders (buyers) are not obligated to buy or sell. They have the choice to exercise their rights if they choose, although their options may be automatically assigned/exercised if the option is “in the money” (i.e., current price above the strike price for call options, or the current price is below the strike price for put options) at expiration and has not be closed out as of the expiration date. Call writers and put writers (sellers), however, are obligated to buy or sell. This means that a seller may be required to make good on a promise to buy or sell. The price of an option is determined by many factors including: (1) the remaining life of the option, (2) the volatility of the underlying security, (3) the relationship between the strike price of the option and the market price of the underlying security, as well as (4) the underlying company's dividend payment record. With respect to option buyers, the client will be assessed asset-based advisory fees based on the value of the call or put option. With respect to option sellers, the client will be assessed asset-based advisory fees based on the absolute value of the call or put option and on the proceeds/premium received upon the writing of the option.

If you are interested in employing the use of options in your account, you must be approved in advance by Raymond James, and may require the use of margin for higher risk strategies. Options involve unique and potentially significant risks and are not suitable for everyone. Option trading can be speculative in nature and may carry substantial risk of loss. Raymond James limits the use of options to hedging strategies in managed and discretionary accounts (e.g., covered calls and put purchases with limited downside risk), although clients may employ, upon pre-approval by Raymond James, more sophisticated and higher risk option strategies in their non-managed/non-discretionary accounts based on their individual circumstances. Prior to accepting an account for

options activity, you must be given the Option Disclosure Document titled “Characteristics and Risks of Standardized Options” and must complete and submit an Option Agreement and Suitability Form for Raymond James review and approval prior to transacting option trades. You may only employ those strategies that have been approved.

## **Item 9 - Investment Manager Selection Process**

### **Our Investment Process**

*Top Down/ Bottom Up Approach to Asset Allocation*

#### **Five Steps to Intelligent Investing**

- ▶ Strategic Risk Allocations
- ▶ Developing the Tactical Allocation
- ▶ Analyzing Money Managers
- ▶ Defining the Portfolio
- ▶ Monitoring the Portfolio

#### **Risk Based Strategic Allocation**

- ▶ Traditional risk-based portfolio allocations (50/50/0, 60/40/0, 80/20/0 etc.) are developed between asset classes along the efficient frontier. Models are titled Qualified or non-qualified then Income, Conservative, Conservative Balanced, Balanced, Balanced with Growth, Growth, Aggressive.
- ▶ Application of the Morningstar style boxes is utilized to diversify holdings. Standard allocation will include covering all large cap style boxes and blend boxes only for small-cap and mid-cap due to lower standard applications
- ▶ Intermediate term high low and mid quality bonds are used.
- ▶ A standard 70/30 allocation is used for domestic vs international holdings
- ▶ Alternative asset classes are available but only used in the Tactical allocations.

#### **Economic Analysis**

- ▶ The Economy, both domestic and worldwide are analyzed by the use of data from various providers from the federal reserve, to the IMF; from JP Morgan to Goldman Sachs or Raymond James; from The Economist to the Wall Street Journal; from news from professional organizations such as Investment & Wealth Institute, Financial Services Institute or the National Association of Plan Advisors; from speaking with regulators and legislators among other sources.
- ▶ Our investment team uses this analysis to come up with tactical asset class allocation to overlay on each of the strategic risk-based allocations.

- ▶ Asset classes may be over weighted for perceived opportunities or under weighted for perceived risks.
- ▶ These over/underweights are usually in small increments but can and may take an asset class to zero if warranted or bring in new asset classes (alternatives).

## **Investment Selection**

- ▶ Once an asset class is given a weighting across all models, we analyze managers or funds within that asset class against their peers.
- ▶ While style purity is not truly a requirement it is given a heavier than normal weighting due to the fact it will give our team more control over asset class weighting.
- ▶ Relative performance with an emphasis on risk adjusted return, manager tenure, and known fund family culture play into the first screening using tools such as Morningstar and Zephyr.
- ▶ Once several funds are screened, discussions with representatives of those funds ensue. Direct comparative screens are reviewed as well as information from those funds representatives.
- ▶ Most often a discussion with a portfolio liaison or manager ensues for finalists
- ▶ The final decision is made to place a fund in the model
- ▶ Share class availability is then looked at to determine the most cost-effective way for the client to invest in the chosen fund. No particular weight is given to NTF funds since any 12(b)1 fees incurred are credited back into the client's account by the sponsor and the expected performance is weighted and reported after all fees.
- ▶ No particular weight is given to concentration in any particular fund family. However, weight is given to overlap analysis, sharing of research sources, correlations which often precludes over concentration to any particular fund family. While it is not a requirement. Throughout the investment process it is considered prudent to limit if possible, the exposure to a fund family to 2 funds.

## **Holdings outside designated models in client discretionary accounts**

From time to time clients may request holdings outside the normal holdings of the designed model discretionary portfolios. After discussion with the client and after risks and appropriateness has been discussed including effect on both risk and performance of the models, we typically, if warranted, talk about holding the positions in a separate account. If the client wants the trades to be of a no commission manner and the holdings don't amount to the minimum required for a fee only account or provide the necessary liquidity for which the fees may be deducted the separate account may not be possible. Also discussed with the client is the fact of rather the position should be counted in asset allocation of the model or outside the asset allocation for rebalancing purposes. The fund/ETF/Stock/Bond may be added to the client's portfolio and put on trading restriction not to sell without prior discussion with the client.

From time to time a client may request excess cash be held in the discretionary account for temporary liquidity. If this can be accomplished inside the discretionary accounts, it will be.

From time to time, low cash positions may result from a client's securities based lending or ready access margin loans and or spending.

## Ongoing analysis

- ▶ Once an allocation is set it is not forgotten we monitor both qualitative and quantitative measures to review performance.
  - ▶ We expect to hear from funds families who are in our models at least quarterly.
  - ▶ We speak to several other fund families in the interim to uncover additional threats and opportunities.
  - ▶ We visit fund families' headquarters or attend meetings that are attended by fund managers and/or their companies. To assess management style and corporate culture.
  - ▶ We monitor performance to compare against various indices and absolute return targets
  - ▶ We monitor news of manager changes and movements at fund companies
- Ongoing portfolio movements

## Trading in Models

While not exhaustive possible trade list there are 4 basic trades we anticipate making in portfolios outside the normal cash flow requests of clients

- ▶ **Annual Rebalance**- while not necessarily on the same date due to market conditions we rebalance the portfolio on an approximate annual basis to keep the risk profile within normal parameters
  - ▶ **Trigger Point Rebalance**- If anomalous events occur in the markets, we may rebalance a portfolio that becomes "out of whack" more often than annual. This is a rare occasion if at all.
  - ▶ **Manager Replacement**- If we feel a manager has unexplained underperformance for an extended period or if the fund's mandates change, or if managers vacate a fund and we do not feel the new managers will continue in a similar or better fashion we will replace the fund in the portfolio, usually at its current allocation.
  - ▶ **Tactical Trade**- If our investment team feels economic factors have changed enough to warrant a different tactical allocation, we will make the necessary moves to adjust the fund holdings to match the new tactical allocation.
- 
- ▶ Individual client assessment Through ongoing communications or meetings with clients we together decide if continuation in a particular risk module is warranted.
  - ▶ A change in the client's life situations, goal adjustments or tax profile may also create a need in the client's strategic portfolio, product type, or tax strategies
  - ▶ These moves are not moves in our models, but would be moves between models or into outside product types or holdings to accomplish their goals.



Additionally, although we do not utilize any managers on the RJCS platform that have trade discretion (except for Davis) we might offer them in the future. It is also stated in the findings that we did not disclose if our selection is limited by the wrap program sponsor, RJA, that limitation does not exist. We have used managers outside the RJCS platform in the past, and there is a possibility that we could do so in the future. We will also include a statement in the ADV stating that, should SSAI begin recommending other RJCS equity managers that maintain trade discretion (identified on the RJCS Client Agreement), we will ascertain and inform the client what additional execution costs could reasonably be expected to occur based on trailing twelve-month data that Raymond James publishes on the public website that is linked below. The majority of the managers listed on this site are legacy offerings that either do not accept new accounts, or otherwise declined to participate in the RJCS program on a model delivery basis. **“SMA MANAGERS AND MODEL MANAGERS**

As the RJCS program sponsor, Raymond James engages various money managers through either a sub-advisory agreement or a model manager agreement. Under a sub-advisory agreement, the money management firm (“SMA Manager”) retains discretionary investment authority over assets designated by the Client to the manager’s investment discipline. In the case of a model manager agreement, AMS retains discretionary investment authority for designated portfolios and updates the model portfolios as periodic instructions are communicated to AMS by the manager (“Model Manager”). The RJCS Client Agreement will identify whether the manager or AMS retains discretionary investment authority.

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

Not applicable.

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

Investment Adviser Representatives (IAR) of Saling Simms Associates, Inc. are registered representatives of Raymond James Financial Services, Inc. (RJFS), a registered broker-dealer with FINRA, and a member of SIPC. and may recommend RJFS to advisory clients for brokerage services. Registered representatives of RJFS are subject to FINRA Conduct Rule 3280 that restricts them from conducting securities transactions away from RJFS. Therefore, clients are advised that such IARs are limited to conducting securities transactions through RJFS. It may be the case that RJFS charges a higher or lower fee than another broker charges for a particular type of service, such as transaction fees. Clients may use the broker/dealer of their choice and have no obligation

to purchase or sell securities through RJFS. However, if the client does not use RJFS, the IAR will reserve the right not to accept the account.

Another important relationship of SSAI is with Raymond James & Associates, Inc. (RJA) who is a member of SIPC and is a broker-dealer and member of the New York Stock Exchange and a registered investment advisor. RJA acts as the clearing firm for those accounts and securities transactions introduced by SSAI. To the extent recommendations are implemented through this affiliate, it should be noted that compensation will contribute to the overall profitability of the holding company, RJF. Should any securities be placed through the advisor and its IARs, the advisor and IAR may receive commissions on such transactions. Such a structure may create a conflict of interest.

As a registered NASD broker/dealer, RJFS routes order flow through its affiliated broker/dealer Raymond James & Associates, Inc. (RJA). RJA is obligated to seek best execution pursuant to Finra Rule 5310 for all trades executed, however better executions may be available via another broker/dealer based on a number of factors including volume, order flow and market making activity.

#### **Item 11 – Code of Ethics**

Saling Simms Associates, Inc. adheres to a strict code of ethics based on principle that all employees of the Company must place the interest of the client ahead of their own and the Company's. Clients may request a copy of this Code of Ethics by sending request to Saling Simms Associates, Inc., 7965 N. High Street, Suite 130, Columbus, Ohio 43235.

In instances where the IAR buys or sells the same securities as those of their clients, the client's accounts are given priority. Saling Simms Associates, Inc. has established and maintains procedures in compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. These procedures outline a firm wide policy statement on compliance with insider trading policies by Saling Simms Associates, Inc. and its associated persons and other employees. These procedures have been distributed to all associated persons and employees of Saling Simms Associates, Inc. The procedures include provisions for defining "insider" material, monitoring associated persons and employee's securities accounts, restricting access to affiliates sensitive material and restrictions on trading.

#### **Item 12 – Brokerage Practices**

SSAI Investment Advisor Representatives are also Registered Representatives of Raymond James Financial Services Inc., (RJFS), RJFS is a broker-dealer and primarily in the business of selling securities and other investments.

RJA may aggregate sale and purchase orders of securities held by Clients with similar orders being made simultaneously for other Clients if, in RJA's reasonable judgment, such aggregation is reasonably likely to result in overall economic benefit to Clients based on an evaluation that the Clients are benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In some instances, the purchase or sale of securities for Clients will be affected simultaneously with the purchase or sale of like securities for other Clients.

Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions is determined, and at RJA's sole discretion, the Client may be charged or credited, as the case may be, the average transaction price.

If Clients act upon IAR advice and elect to use one of applicant's affiliates as a money manager, custodian or purchasing insurance, applicant may receive compensation in the form of commissions from the affiliate.

If a client decides to use an IAR in his individual capacity as an insurance agent, the individual IAR will receive a commission. Additionally, if a client purchases a mutual fund containing a 12b-1 fee, the adviser and representative may receive such fee. 12b-1 trails, when received for Ambassador accounts will be credited to client accounts quarterly. Any credits will appear on the client's brokerage statement as a "Mutual Fund Offset".

As part of its fiduciary duties to clients, Saling Simms Associates, Inc. endeavors at all times to put the interests of its advisory clients first. Clients should be aware, however, that the receipt of economic benefits by Saling Simms Associates, Inc. (or its related persons) in and of itself creates a potential conflict of interest.

### **Item 13 – Review of Accounts**

The client's financial advisor monitors, on a daily basis, accounts to identify situations that may warrant specific actions be taken on behalf of a client's investments or their overall portfolio. Such reviews include, but are not necessarily limited to, suitability, performance, asset allocation, change in investment objectives and risk tolerance, concentration and prohibited/restricted products. In addition, financial advisors providing regular investment advice or investment supervisory services, review client portfolios and communicate with clients for conformity with the respective

portfolios, investment objectives, changes in a client's financial situation, account performance and any reasonable restrictions to be imposed as to the specific assets or types of securities to be included or excluded from client portfolios. Additional monitoring of accounts is provided by compliance and sales management personnel located within the corporate headquarters. Reviews include, but are not limited to; suitability, concentration, active trading, performance and accounts managed on a discretionary and non-discretionary basis. Discretionary accounts in the Ambassador program are reviewed on a regular basis by the client's financial advisor.

The client's IAR will be available for annual meetings for all accounts under \$100,000. For accounts with relationship assets above \$100,000, quarterly reviews will be available. All accounts can receive reviews more or less frequently triggered by:

1. client request;
2. economic conditions that affect the positions held in portfolio; or
3. planned change in financial structure.

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

Saling Simms Associates may pay or receive compensation for referrals to or from other financial professionals.

We place a high level of importance on both professional advice and the communication between the wealth manager (us) and the other financial professionals (the CPA, attorney, insurance agent etc.). To that end we have established a program to encourage that interaction that will benefit our clients greatly.

Reimbursement for Tax Return For our clients that have an invested asset size with us of over \$1,000,000 in a fee based relationship, and who have their taxes prepared by a CPA, we shall include in our advisory fee reimbursement of up to \$500 for income tax preparation provided that below stipulations are met. At all times, the CPA engaged by the client, and **not** SSIA, shall be responsible for the quality and competency of the tax preparation services provided. Clients who do not engage a CPA for tax preparation shall not receive an advisory fee credit.

There are three stipulations to qualify. The return must be done by a CPA. The CPA, with the client's permission, needs to share the tax information with us. The CPA must also be willing to meet with us at least one time per year outside of tax season to discuss the client's wealth management plan in light of their tax plan with no additional charge to you or Saling Simms Associates for that meeting. Of course, as usual, we would not charge for that meeting either. At your wish, that meeting can be with or without your participation as it will be a working meeting where we will be discussing many options not just the current proposed plan. We imagine that

many clients will opt for that meeting to be solely between the wealth manager and the CPA then receive a report of the meeting afterward.

For clients who have between \$500,000 and \$1,000,000 we are including as a covered service ½ the tax preparation fee up to a maximum of \$250. This has the same three stipulations as above.

What we are trying to accomplish here is the true integration of professional advice for our clients given by highly qualified professionals with a keen interest in your overall wealth management. We imagine that this may also weed out those tax preparers that are just “filing numbers” and have no interest in any proactive tax planning. Overall we believe this will bring you a better wealth management plan in trying to accomplish all of your goals both now and in the future.

Sharing of Investment Management ~~is~~ Our clients have other trusted advisors that play an integral role in their financial lives. We value that relationship and often receive referrals from those professionals.

### **Item 15 – Custody**

SSAI does not act accept custody of client funds or securities and rely on our registered broker-dealer, Raymond James who generally maintains custody of client securities and other assets, unless the client and Raymond James otherwise mutually agree. As custodian (if applicable), Raymond James will deliver, not less than quarterly, a brokerage statement to each client detailing their account’s securities holdings, cash balances, dividend and interest receipts, account purchases and sales, contributions and distributions from the account and the realized and unrealized gains or losses associated with securities transactions effected in their account.

For defined benefit or defined contribution clients’, funds may be custodied by the plan provider.

Clients will receive statements from the broker dealer, bank or other qualified custodian that holds and maintains client’s investment assets. Saling Simms Associates urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

Saling Simms Associates may accept discretionary control over certain client accounts only after receiving a signed AMBASSADOR discretionary contract from the client. Adviser shall assume all investment duties with respect to assets held in the AMBASSADOR discretionary account in such stocks, bonds, mutual funds, or other property of any kind as it deems in the best interest of the Client to achieve the investment objective designated by Client. Adviser may take any action or non-action as it deems appropriate, with or without other consent or authority from the Client, and may exercise its discretion and invest such assets exactly as fully and freely as the Client might

do as owner, except that Adviser is not authorized to withdraw any monies or securities from the account regardless of the length of time they have been held. Adviser shall further be free to make investment changes regardless of the resulting rate of portfolio turnover when it, in its sole discretion, shall determine that such changes will promote the investment objective of the account.

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

As a matter of firm policy and practice, Saling Simms Associates does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Saling Simms Associates may provide advice to clients regarding the clients' voting of proxies.

Saling Simms Associates, Inc. does not render advice to or take any actions on behalf of clients with respect to any legal proceedings, including bankruptcies and shareholder litigation, to which any securities or other investments held in client accounts, or the issuers thereof, become subject, and does not initiate or pursue legal proceedings, transactions, securities or other investments held in client accounts. The right to take any actions with respect to legal proceedings, including shareholder litigation, with respect to transactions, securities or other investments held in a client account is expressly reserved to the client.

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

SSAI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

We do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

**ANY QUESTIONS:** SSIA's Chief Compliance Officer, Brent Simms, remains available to address any questions regarding this Part 2A.