

## Firm Brochure

(Part 2A of Form ADV)

**November 8, 2021**

Saxony Capital Management, LLC  
11152 S Towne Square  
St. Louis, MO 63123  
Phone number: 314-963-9336

This brochure provides information about the qualification and business practices of Saxony Capital Management, LLC. If you have any questions about the contents of this brochure, please contact Saxony Capital Management, LLC at (314) 963-9336. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional Information about Saxony Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration does not imply a certain level of skill or training.

## Material Changes:

**The following statements apply to the material changes since the last annual update. The date of the last annual update was March 19, 2020.**

### **Assets under Management**

Saxony Capital Management, LLC total assets under management as of December 31, 2020 was \$313,704,007. Of this amount \$178,074,595 are discretionary and \$135,629,412 are nondiscretionary.

Item 10 has been updated to include the following:

SCM solicits investment products to other RIA's and is compensated for this activity. Compensation received for soliciting investment products to other RIA's are up to 50 basis points. No retail clients are solicited.

SCM offers compliance consulting services to other RIAs. The compensation for these services is based on the type of service or services provided. This service is not for retail clients.

## Table of Contents

Firm Brochure.....	i
Material Changes: .....	ii
Assets under Management .....	ii
Table of Contents.....	iii
Item 4. Advisory Business .....	1
Firm Description.....	1
Principal Owners .....	1
Types of Advisory Business .....	1
1.    SCM – AMAs .....	1
2.    Financial Planning .....	1
3.    Third Party Advisory Services.....	2
4.    Third Party Advisory Annuity Services.....	3
5.    Private Fund.....	3
6.    Other Services.....	3
Conflicts of Interest .....	3
Assets under Management .....	3
Item 5. Fees and Compensation.....	4
1.    SCM – AMAs .....	4
1.    Financial Planning .....	8
2.    Third Party Advisory Services.....	8
3.    Private Fund.....	9
Item 6. Performance-Based Fees and Side-By-Side Management .....	9
Item 7. Types of Clients and Account Minimums .....	9
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Methods of Analysis and Investment Strategies .....	10
Charting Patterns: .....	10
Fundamental Analysis: .....	10
Technical Analysis:.....	10
Cyclical Analysis:.....	10
Risk of Loss .....	10
Item 9. Disciplinary Information .....	10
Item 10. Other Financial Industry Activities and Affiliations .....	11
Other Financial Industry Activities.....	11
Affiliations.....	11
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	11
Code of Ethics.....	11
Participation or Interest in Client Transactions and Personal Trading.....	11
Item 12. Brokerage Practices .....	12
Selecting Brokerage Firms and Soft Dollars.....	12
Aggregate Orders/Block Trading.....	12
Trade errors.....	12
Item 13. Review of Accounts .....	12
Item 14. Client Referrals and Other Compensation .....	12
Referrals to Other Investment Advisors .....	12
Other Compensation .....	12
Item 15. Custody.....	12
Account Statements and Performance Reports Pershing LLC., Charles Schwab, TD Ameritrade and other custodians .....	12
Third Party Advisory Services.....	13
Item 16. Investment Discretion.....	13
Item 17. Voting Client Securities .....	13
Item 18. Financial Information .....	13

## Item 4. Advisory Business

### Firm Description

Saxony Capital Management, LLC ("SCM") is a Missouri company registered with the SEC as an investment advisor. SCM also maintains investment advisor registration in various other states as required by applicable law. SCM has been in business since September 2002.

### Principal Owners

The principal owner of SCM is Saxony Financial Holdings, LLC.

### Types of Advisory Business

SCM offers the following types of advisory services:

1. SCM - Asset Management Accounts ("AMAs")
2. Financial Planning
3. Third Party Advisory Services
4. Third Party Advisory Annuity Services
5. Private Fund
6. Other Services

An Advisory Client's Account may be terminated at any time by SCM or by the Advisory Client by giving immediate written notice or verbal notice of such termination to the other party. In the event of termination, a pro rata refund of management fees prepaid by the Advisory Client to SCM (less any charges or other expenses owed) will be made from the effective date of termination through the end of the then-current billing period.

SCM delivers important messages in clients Pershing statements. The messages include but are not limited to: Annual Offer for the SCM Firm Brochure, Privacy Policy, Form Client Relationship Summary and others. Clients will receive statements at a minimum quarterly. If there is activity the statements will be sent monthly. This method of communication is combined with notifications through electronic communication to the client's email which was provided to SCM in the account opening documents. Additionally, SCM will contact the advisory client through the physical mail.

#### **1. SCM – AMAs**

The AMAs offer asset monitoring, management and trade execution services to the Advisory Client. The AMAs will be charged an advisory fee, which covers investment advice, account monitoring and other services provided by SCM. Separate transaction charges will be charged by Saxony Securities, Inc. ("SSI") or TD Ameritrade and received by SSI for the execution of trades through SSI, a Broker-Dealer affiliated with SCM. The Advisory Client will grant discretionary authority to the SCM Investment Advisor Representative (the "IAR") to manage securities in the AMAs, such as; no-load mutual funds, mutual funds offered at Net Asset Value ("NAV"), stocks, bonds, options and eligible variable annuities. In consideration for handling and servicing the AMAs, the Advisory Client will pay to SCM a management fee on a quarterly basis, in advance, in accordance with the applicable schedule noted.

A discretionary account allows the IAR the authority to purchase and sell investments without prior authorization of the client to do so. The amount of the transaction, date and time is also included. Discretionary accounts can only be under a registered Investment Advisory firm such as SCM. Broker Dealers may not have discretionary authority for an asset-based fee. When a client and IAR

#### **2. Financial Planning**

SCM does charge hourly or flat fees for financial planning. Advisory Client is sent an invoice either before or after the service is provided. Financial planning includes retirement and investment planning and includes but is not limited to the following services: fact finding, balance sheet analysis, income statement analysis, cash flow analysis, net worth analysis, financial account review, income tax return review, engagement meetings. The minimum net worth for a client to participate for a plan is \$100,000.

SCM does charge hourly or flat fees for additional services. Additional services include but are not limited to: strategies to enhance cash flow and net worth; strategies to reduce income tax, investment tax, and estate tax; retirement income distribution strategies; analysis of current investment accounts; investment research; and assessment of risk tolerance and risk capacity.

#### **Retirement Planning:**

- 1) Gather Suitability Information (Form required to be completed by the Advisory Client)
- 2) Complete Priority Planning Review (Form required to be completed by the Advisory Client)
- 3) Define goals and objectives
- 4) Calculate Net Worth
- 5) Evaluate current investments and life insurance while determining risk; will the current allocation meet the goals?
- 6) Determine expenses and income (current and future)
- 7) Propose to the Advisory Client a strategy for investments and a budget

#### **Investment Planning:**

- 1) Gather Suitability Information (Form required to be completed by the Advisory Client)

- 2) Complete Priority Planning Review (Form required to be completed by the Advisory Client)
- 3) Define goals and objectives
- 4) Calculate Net Worth
- 5) Evaluate current investments and life insurance while determining risk; will the current allocation meet the goals?
- 6) Propose to the Advisory Client a strategy for investments and a budget

The following examples explain the payment and services for Financial Planning for each payment method, hourly or flat fee. Advisory Client may consider paying by the hour when a financial plan includes one of the following; retirement or investment planning. Since the amount of information required to be collected is limited to only one person, the amount of time devoted on the financial plan could be less, so the Advisory Client may be better suited to pay hourly. This time allotted for the individual may be 2 to 3 hours. A flat fee financial plan is the other option for an Advisory Client such as a married couple or family since their plan may have more components/information in the plan. The financial plan could include both retirement and investment planning. This plan will require more time to gather information since more than one individual is involved, so a flat fee payment may be a better option. The amount of time allotted on all meetings/information gathering/Advisory Client education time could range from 4 to 6 hours. A fixed fee is determined by the Advisory Client and the IAR at the time of the initial consultation. The Advisory Client may terminate the agreement at any time. The following example shows how the flat fee for a more complex plan is determined for a family of four: Retirement Plan: Father and Mother - 3 hours Investment Planning: Father and Mother – 2 hours - Investment planning: Two children: 1 hour. Also included in this plan is the initial meeting, any additional calls or meetings before the final meeting, which at that time the financial plan is discussed.

SCM does offer consulting services for retirement plans. In addition to these, SCM consulting services are available to clients that are trustees or other fiduciaries to retirement plans, such as 529, 401(k), 457(b) and 401(a) plans.

### **3. Third Party Advisory Services**

SCM maintains selling agreements with various other registered investment advisers to offer their advisory services. For detailed information, the Advisory Client should consult the separate disclosure brochure provided to them at account opening. SCM will perform the due diligence review on each third-party advisor.

SCM IARs refer Advisory Clients to non-affiliated Investment Advisors to manage the Advisory Client's assets. Investment Advisors include: Equis Capital Management, Inc., Equity Investment Corp., OCCAM, AssetMark Investment Services, Inc., Bellatore Financial, Inc., Flex-Plan, Cornerstone Select Advisors, LLC., USA Financial Portformulas, Nationwide, Howard Capital Management, Brookstone Capital Management, KMC Wealth Management, and Lockwood Advisory Solutions through Pershing's NetX 360.

The programs available under Lockwood Advisory Solutions are:

- 1) Lockwood Wealthstart Portfolios – A discretionary, multi-discipline managed account product housed in a single portfolio. Lockwood serves as the portfolio manager and determines the asset allocation strategy and selects investment vehicles for each investment style component of the WealthStart Portfolios. WealthStart currently consists of 12 core models, and consists of ETFs, but may include mutual funds, ETFs and other types of securities, as determined by Lockwood. WealthStart Portfolios differ from other products offered. These differences include fewer securities positions within individual models, more limited performance reporting, and fewer or different instances of account rebalancing.
- 2) Lockwood Asset Allocation Portfolios – A discretionary, multi-discipline managed account product housed in a single portfolio. Lockwood serves as the portfolio manager, determines asset allocation strategy and selects investment vehicles for each investment style component of the LAAP based on proprietary models. The LAAPs consist of five core models, which may consist of mutual funds, exchange-traded funds and other types of securities, as determined by Lockwood.
- 3) Lockwood AdvisorFlex Portfolios – A series of objectives-based strategies, managed by Lockwood that provide investors with access to professionally managed solutions, which seek to address the unique challenges presented at each phase of the investor lifecycle, from wealth accumulation, to the transition into retirement, and ultimately the management and distribution of income. The AdvisorFlex framework allows Representatives to choose from 16 model portfolios created by Lockwood or customize their Client's portfolio by selecting from a variety of investments, including mutual funds, exchange-traded funds (ETFs), and exchange-traded notes (ETNs), in multiple asset classes. Each strategy is specifically designed to meet its intended objective while providing choice and flexibility to meet the unique needs of individual investors. Lockwood has contracted Morningstar, Inc. to provide certain research reports to Lockwood, for use relating to the AFP product by the representative.
- 4) Lockwood Separately Managed Accounts – A program in which Saxony or its representatives provide advice to their clients regarding their respective engagement of Managers to provide discretionary investment portfolio advisory services for each Client Account. Lockwood maintains, and makes available to the Company and its Representatives, a list of Managers who participate in the Program. Managers will manage the Client Accounts on a discretionary basis.
- 5) Lockwood Investment Strategies – An option offered by Lockwood in which they offer access to Lockwood's proprietary Strategies product. The Strategies product is a discretionary, multi-discipline managed account product which is housed in a single portfolio. The Strategies consist of five core models and variations which span the risk/return spectrum. The Strategies include Lockwood as Overlay Manager and various sub-advisors who provide strategy-specific models.

- 6) Managed360 Model Providers – An option offered by Lockwood in which various third-party model providers provide strategy-specific models which span the risk/return spectrum and can be either passively or actively managed. Lockwood maintains discretion over accounts under this program. Model providers include Russell Investments, Vanguard, BlackRock, Morningstar, Clavert and AlphaSimplex Group.

The Lockwood brochure along with this brochure will be delivered to the client.

#### **4. Third Party Advisory Annuity Services**

Third Party Advisory Annuity Services are offered through Nationwide and Prudential.

#### **5. Private Fund**

SCM offers a private fund, Arsenal Capital Management, LLC (“ACM”), which is managed by Arsenal Capital Advisors, LLC (“ACA”). The manager of ACA is Peter Reinecke who is registered with SCM as an IAR. ACM will be investing in various portfolio companies (individually, a “portfolio company” and collectively, the “portfolio companies”) selected by the manager. These portfolio companies will generally be early-stage ventures. Advisory Clients will be given the opportunity to obtain any information concerning the portfolio companies and will be furnished all such information so requested. The choice of portfolio companies is to be made by the Advisory Client with the assistance of the manager. The client understands the manager intends to offer a variety of companies to which the client may allocate a portion of their respective capital contribution for investment. The client can choose to allocate that portion of their respective capital contribution as they choose to just one, more than one, or all of the portfolio companies. The Advisory Client’s choice of allocation among portfolio companies is irrevocable. The manager will perform due diligence reviews of the portfolio companies to the extent it deems necessary, in its sole discretion, and will assist the client in choosing how their capital contribution will be invested in portfolio companies. However, the manager makes no guarantee or other representation regarding the future performance of the portfolio companies or that such allocation will be profitable in the future. Each Advisory Client will be required to sign a subscription agreement and meet suitability guidelines. The Advisory Client is either (A) a natural person who, or family company which, owns not less than \$5 million in investments; (B) an individual or company that has at least \$1 million in assets under management with the company and/or Mr. Reinecke; (C) an individual or company with a net worth, exclusive of primary residence, of more than \$2.1 million; or (D) is otherwise a “qualified purchaser” pursuant to Section 2(a)(51)(A) of the Investment Company Act of 1940 or a “qualified client” under Rule 205-3(d)(1) of the Investment Advisers Act of 1940. Investments can include securities and financial interests, domestic and foreign, of all kinds and description including, but not limited to, common and preferred stocks, bonds, notes and other debt securities, convertible securities, limited partnership interests, options, warrants, monetary instruments and cash and cash equivalents.

#### **6. Other Services**

SCM IARs will charge a finder’s fee for additional services provided to Advisory Client(s). The IAR will charge a flat fee and the fee will be disclosed to the client(s). SCM IARs will provide family office services regarding delivery of checks to banks, mailing checks to fund companies, and other services offered as a holistic approach.

#### **Conflicts of Interest**

All compensation received by SCM in any payment form, such as fees, creates a conflict of interest. Clients have an option to choose a brokerage product which charges a commission (per transaction) with SCM’s affiliated broker dealer Saxony Securities, Inc. or an advisory product under SCM which charges an ongoing quarterly fee.

In certain circumstances, the client will pay more to use a Third-Party Manager, (“TPM”) than the client will pay for having your IAR manage your account. The client needs to compare the total fees from a portfolio managed by the IAR and the TPM. The TPM’s total fee includes the TPM fee and your IAR’s solicitor fee. When the option is selected for the IAR to manage the clients’ account, the total fee charged by the advisor is on page 4 of the client agreement.

ACM revenues are origination fees, management fees, finder fees and interest payments. When the client or IAR lends personal funds to an ACM company, the client and the IAR will receive interest payments.

Conflicts are addressed when the accounts are opened by a review of a SCM Compliance personnel. If a client account transfers in mutual fund share classes which are not the lowest class, SCM will convert the share class to the lowest cost share available. SCM continuously provides surveillance to client’s accounts activity to minimize violations and conflicts of interest. Also, accounts are reviewed on an annual basis for conflicts which includes the lowest cost share class available for the client. In addition, trades are reviewed daily to address any conflicts. Quarterly, the accounts are reviewed for correct billing. For example, if a client selects a position not to be billed, SCM can exclude individual positions from being billed.

Trading in IAR’s own account is a Conflict of Interest. To address this conflict, all IARs trades are reviewed for: trading ahead of clients, receiving a better price than the client and trading against a client. These reviews are conducted by SCM compliance personnel.

#### **Assets under Management**

Saxony Capital Management, LLC total assets under management as of December 31, 2020 was \$313,704,007. Of this amount \$178,074,595 are discretionary and \$135,629,412 are nondiscretionary.

## Item 5. Fees and Compensation

### **1. SCM – AMAs**

**Pershing Option 1:** This fee arrangement will include transaction charges, if applicable, for trades executed in Advisory Client's AMA. SCM's fees may be higher than fees normally charged in the industry and that other investment advisers may provide the same or similar services for a lower fee.

<u>Portfolio Value</u>	<u>Maximum Fee</u>
First \$100,000 - \$500,000	2.30%
Next \$500,000	1.90%
Next \$1,000,000	1.60%
Over \$2,000,000	1.30%

There is a Transaction charge of \$20.00 and an \$8.95 confirm fee on Mutual Fund Class Shares B and C. Other additional fees will apply. The SCM platform fee is 30 basis points or 0.3%. This fee is included in the above fee schedule.

A portion of the SCM platform fee is paid to Pershing for services such as custody, administration, billing and performance. The gross revenues of management fees are recorded to SCM. Management fees are paid to reps by SSI and SCM reimburses SSI. Part of the platform fees are retained by SSI. Management fees that clients are charged is split between the IAR and SCM.

When recommendations are made related to purchasing, selling and holding investments, the IAR determines the suitability of the investment and tax implications such as long-term losses, short- and long-term gains. All trades are reviewed SCM compliance personnel.

**Pershing Option 2:** This fee arrangement will not include transaction charges (noted below), if applicable, for trades executed in Advisory Client's Asset Management Account.

<u>Portfolio Value</u>	<u>Maximum Fee</u>
First \$100,000 - \$500,000	2.00%
Next \$500,000	1.70%
Next \$1,000,000	1.40%
Next \$3,000,000	1.10%
Over \$5,000,000	1.00%

Transaction Charges (Option 2 only) In addition to the advisory fees noted above, the Asset Management Account will be assessed applicable transaction charges from the following schedule: Equities: \$20, plus \$.01 per share Options: \$20, plus \$1.00 per contract Fixed Income: \$45 Listed Corporate Bonds: \$45 Load Mutual Funds: \$25 No-load Mutual Funds: \$25 Exchanges: \$20 (Additional postage and handling fees will apply) Unit Investment Trust: \$35. The SCM platform fee is 20 basis points or 0.2%. This fee is included in the above fee schedule.

A portion of the SCM platform fee is paid to Pershing for services such as custody, administration, billing and performance. The gross revenues of management fees are recorded to SCM. Management fees are paid to reps by SSI and SCM reimburses SSI. Part of the platform fees are retained by SSI. Management fees that clients are charged is split between the IAR and SCM.

When recommendations are made related to purchasing, selling and holding investments, the IAR determines the suitability of the investment and tax implications such as long-term losses, short- and long-term gains. All trades are reviewed SCM compliance personnel.

The Advisory Client may make additions to the AMA at any time. If assets in excess of \$5,000 are deposited into the AMA after the inception of a quarter, the fee payable for that quarter with respect to such assets will be prorated based on the number of days remaining in the quarter. No fee adjustment will be made for partial withdrawals within a billing period or for the appreciation or depreciation in the value of the AMA during any quarter. For options 2 and 3, principal trades on bonds will not exceed \$2.50 per bond.

Minimum account size is \$100,000. Fees/Commissions are negotiable with each Advisory Client. SCM will accept accounts below dollar minimum at its discretion. Accounts less than \$100,000 that are accepted will be subject to standard minimum account fees of \$125 on an annual basis which is \$31.25 per quarter. Service (Confirmation) Charge: \$8.95. There is an additional paper surcharge of \$1.45 for both statements and confirms which is sent to the Advisory Client for Options 1 and 2. Advisory Clients will avoid this charge by receiving electronic statements and confirms. To enroll they can contact their IAR through [www.netxinvestor.com](http://www.netxinvestor.com).

**Charles Schwab AMA:** This fee arrangement will not include transaction charges (noted below), if applicable, for trades executed in Advisory Client's Asset Management Account.

<u>Portfolio Value</u>	<u>Maximum Fee</u>
First \$100,000 - \$500,000	2.20%
Next \$500,000	1.90%
Next \$1,000,000	1.60%
Next \$3,000,000	1.30%
Over \$5,000,000	1.20%



## **Schedule of Commissions, Transaction Fees, and Handling Fees<sup>1</sup>**

**Definition of Electronic Trades:** Trades placed through one of the electronic channels, including online (e.g., [www.schwaballiance.com](http://www.schwaballiance.com) or [www.schwabadvisorcenter.com](http://www.schwabadvisorcenter.com)), Schwab Mobile, and automated phone services (e.g., Schwab by Phone™ or TeleBroker®). Certain securities may not be available through all electronic trading channels. U. S. Over-the-Counter (OTC) Securities and Canadian Stock Transaction fee: \$6.95. Foreign Stock Transaction fee \$50.

**Stocks and Exchange-Traded Funds<sup>2</sup>:** Electronic Trades \$0. Alternative Pricing for each executed trade will not exceed the greater of:

- \$0.12 per share
- 10% of principal
- \$50 minimum

**Broker-Assisted Trades:** Broker-Assisted Trades \$25. Other trades requiring special handling, including, but not limited to, DVP (Delivery versus Payment) Trades, Early Settlement Trades, and Restricted Stock Trades \$25. Excludes non-U.S. ETFs, which are available only to non-U.S. residents. Note: For Equity New Issues (Primary and Secondary Offerings), a selling concession is included in the offering price. U. S. Over-the-Counter (OTC) Securities and Canadian Stock Transactions: \$6.95 Commission plus \$25. Foreign Stock Transaction fee \$75 plus \$25. (Only for accounts on Schwab Advisor Services Platform.)

**Non-U.S. ETFs:** Non-U.S. ETFs are available for eligible non-U.S. residents as broker-assisted trades, subject to a \$50 transaction fee. For non-U.S. ETF orders, please contact your independent investment advisor, or call the Global Services team from inside the U.S. at 1-800-992-4685 and from outside the U.S. at +1-415-667-8400.

**Stock Borrow Fees for Short Selling:** For certain securities, if you have an open order or open short position in your Account, whether it is established through short selling, option exercise or assignment, account transfer, or otherwise, Schwab can charge a Stock Borrow Fee. The fee is calculated as the end of day short market value, multiplied by the quoted interest rate, divided by 360. This Stock Borrow Fee is subject to change on a daily basis and can be charged as long as you hold the open short position. The aggregate monthly Stock Borrow Fee will appear on your account statement. The interest rate charged will vary depending on the supply and demand for the particular security in the securities lending market. Schwab can seek to charge you any rate consistent with Schwab's view of competitive necessities.

## **Mutual Funds<sup>3</sup>:**

**Mutual Fund No-Transaction Fee (NTF) Funds:** Trade orders in no-load funds available through the Mutual Fund OneSource® service (including Schwab Funds®), as well as certain other funds, are available with no transaction fees. For each trade order placed through a broker, a \$25 service charge may apply to accounts that are enrolled with Schwab and managed by an advisor. Transaction Fee \$0. Short Term Redemption Fee \$49.95. Schwab's short-term redemption fee will be charged on redemption of funds purchased through Schwab's Mutual Fund OneSource service (and certain other funds with no transaction fees) and held for 90 days or less. Schwab reserves the right to exempt certain funds from this fee, including Schwab Funds, which can charge a separate redemption fee, and funds that accommodate short-term trading.

**Mutual Fund Transaction-Fee Funds:** Mutual Fund Transactions Electronic Trades: Transaction Fee \$45. Reduced Transaction Fee \$24.

**Broker-Assisted Trades:** Transaction Fee \$65. Reduced Transaction Fee \$45. Certain transaction-fee funds are eligible for a reduced transaction fee. Generally, mutual funds are eligible for reduced transaction fees where the funds or their affiliates pay Schwab for recordkeeping, shareholder, and other administrative services we provide.

**Alternative Pricing:** The transaction-fee minimum can be as high as \$45 Mutual fund. Interclass exchange transactions will be subject to a transaction fee if the transaction on either side (purchase or redemption) of the interclass exchange involves a transaction-fee fund. The fee will be calculated pursuant to the transaction-fee mutual fund pricing schedule set forth above. If the fund on either side (purchase or redemption) of the interclass exchange is a no-transaction-fee fund, that side of the exchange will not be subject to a transaction fee but can be subject to a \$25 service charge, if the interclass exchange transaction was placed through a broker.

**Other Information for All Mutual Fund Transactions:** Some funds also charge sales and/or redemption fees. Please read the prospectuses for details. You can buy shares directly from a fund company or its principal underwriter or distributor without paying Schwab's transaction or service charges (except where Schwab is also acting in the capacity of a principal underwriter or distributor with respect to affiliated funds).

<sup>1</sup> Excluding mutual funds, commissionable trades that execute over more than one day will be charged a separate commission for each additional day: each separate commission will apply to the portion of the trade executed on the corresponding additional day. Electronic orders where price or quantity is changed by the client and as a result execute over multiple trades on the same day are each charged a separate commission.

<sup>2</sup> Includes Canadian stocks, American Depositary Receipts, and stocks of foreign-incorporated companies that are listed on U.S. or Canadian exchanges.

<sup>3</sup> For exchange-traded funds, refer to the stock schedule. For offshore funds (for non-U.S. persons), visit [www.schwab-global.com](http://www.schwab-global.com) or call Schwab International Services for details: 1-877-686-1937 (inside the U.S.), +1-415-667-8400 (outside the U.S.).



**Options:**

Electronic Trades: Executed Contracts \$0 base commission, \$0.65 per-contract fee.

Broker-Assisted Trades: Executed Contracts \$25 base commission plus \$0.65 per-contract fee

**Alternative Pricing:** For each executed trade, pricing will not exceed the greater of:

- \$6.25 per contract
- 2% of principal
- \$43.95 minimum per leg

**Fixed Income Investments<sup>4</sup>:**

Schwab reserves the right to act as principal on any fixed income transaction, public offering, or securities transaction. When Schwab acts as principal, the bond price includes the transaction fee (stated below) and will include a markup that reflects the bid-ask spread and is not subject to a minimum or maximum. When trading as principal, Schwab may also be holding the security in its own account prior to selling it to you and, therefore, may make (or lose) money depending on whether the price of the security has risen or fallen while Schwab has held it.

When Schwab acts as agent, a commission will be charged on the transaction. For accounts (including international accounts) managed by an advisor that are enrolled with Schwab, the following rates apply: Treasuries at auction and secondary Treasuries, including Treasury bonds, Treasury bills, Treasury notes, and TIPS: Online Pricing \$0, Broker-Assisted Pricing \$25.

Government agencies, including non-pass-through bonds from FNMA, FHLB, etc: Online Pricing \$0.20 per bond (\$10 minimum/\$250 maximum), Broker-Assisted Pricing \$0.24 per bond (\$10 minimum/\$275 maximum).

Other secondary market fixed income trades, including CDs, corporate bonds, municipal bonds, zero-coupon Treasury bonds, and STRIPS: Online Pricing \$1 per bond (\$10 minimum/\$250 maximum), Broker-Assisted Pricing \$1.20 per bond (\$10 minimum / \$275 maximum).

New issues, including certificates of deposit<sup>5</sup>: Selling concession is included in the original offering price.

Commercial Paper, Foreign Bonds, Asset-Backed Securities, Mortgage-Backed Securities, Collateralized Mortgage Obligations, and Unit Investment Trusts: these are specialty products, please call us for information.

Preferred equity or debt or REITs: Stock commissions and minimums apply for secondary market transactions.

Trades placed through a Schwab Alliance or Schwab Investor Services representative will be charged an additional \$25 broker-assisted fee and still be subject to a \$35 minimum and a \$275 maximum. Trades for new issues placed through a broker are not subject to these premiums. Note: Commissions and markups can be slightly less than the published schedule shown above due to rounding. Alternative Pricing minimums will not exceed \$60. If the trades are executed at another Broker Dealer or Prime Broker and transfer in then there is a \$25 fee.

Large Transactions: Contact a Schwab Bond Specialist or your advisor for orders of more than 250 bonds. These orders can be eligible for special handling and/or pricing.

Fixed Income Directed Trades: A Directed Trade occurs when an advisor is shown a bid or offer by a broker-dealer other than Schwab and subsequently requests that Schwab execute the trade with the contra broker-dealer for a designated Schwab account. Schwab will confirm the transaction with the contra broker-dealer and send a trade confirmation to the client. The fee for a Directed Trade is \$50 per trade or trade allocation.

**Prime Brokerage, Trade-Away, and Step-In Trades:**

Prime Brokerage, Trade-Away, and Step-In trades are designed to give you and your advisor the ability to execute trades using assets held in your Account(s) at broker-dealers other than Schwab, known as "Executing Brokers." Schwab charges \$25 per trade allocation for Prime Brokerage, Trade Away, and Step-In trades. Note: There can be other fees charged by the Executing Broker.

**Service Fees**

Exchange Process Fee: This is a fee Schwab charges to offset fees imposed on Schwab by national securities and self-regulatory organizations or by U.S. option exchanges. The Securities and Exchange Commission (SEC) assesses transaction fees on national securities exchanges and self-regulatory organizations based on the aggregate dollar amount of the sales of certain securities. The SEC recalculates the amount of this fee periodically, at least once per year, but sometimes more often. National securities exchanges and self-regulatory organizations offset the transaction fees by charging their member broker-dealers such as Schwab, and Schwab, in turn, offsets this fee by charging you an Exchange Process Fee for covered transactions. U.S. option exchanges charge Schwab and other broker-dealers per-contract fees for purchases and sales of exchange-listed options. The exchanges may charge these fees even on transactions executed on other exchanges, which can result in multiple fees being imposed on Schwab for a single transaction. Any Exchange Process Fee that appears on your trade confirmation for a sale of an exchange-listed option will combine the offsets for the fees charged both by the U.S. option exchanges and by the national

<sup>4</sup> For fixed income trades placed through one of Schwab's electronic channels, discounts may apply.

<sup>5</sup> Schwab receives a fee from the depository institution.

securities and self-regulatory organizations. Schwab's Exchange Process Fee will rise or fall periodically depending upon the rates set by the SEC or by the U.S. option exchanges, as applicable.

**Exchange Process Fee for American Depositary Receipts (ADR):** This is a fee Schwab charges to offset fees imposed on Schwab by executing brokers. It is associated with transaction taxes assessed by certain governments as a percentage of the purchase amount on certain securities and the rate is subject to change. The fee will appear as an "Exchange Process Fee" on your trade confirmation.

**American Depositary Receipt (ADR) Pass-Through Fees:** Banks that custody ADRs ("ADR agents") are permitted to charge ADR holders fees. An ADR agent is authorized under its agreement with the issuer to impose a fee on holders of the issue. Fees collected from Schwab by the Depository Trust Company (DTC) for an ADR will be automatically passed through to those ADR holders. They will be deducted from your Schwab Account(s) and shown on your statement(s) as "ADR Pass-Thru Fee." Amounts and timing differ by ADR.

**Account Activity Fees:** Order out of physical certificates (for all U.S. and some Canadian securities) if held in physical certificate form prior to order out: \$100 per certificate. Additional charges can apply for rush request. Order out of certificates (for foreign securities): Physical certificates: Variable fee (based on the location of the transfer agent). Security reorganization: Voluntary and post-effective: \$9.95. Full transfer (out) of assets: \$50 per account. Transfer of title for certificates<sup>6</sup>: \$25 per position.

**Cashiering Fees:** Check order fee: No charge for standard checks. Overnight fee: \$8.50. Nonsufficient funds/returned item: \$25 per item. Wire transfer (outgoing)<sup>7</sup>: \$25 per transfer; \$15 per transfer if electronic channel is used.

**Custody Fees for Non-Publicly Traded Securities:** Annual custody fee for Non-Publicly Traded Securities<sup>8</sup>: \$250 per position, maximum of \$500 per account.

**Accounts of Your Household Explanation:** "Accounts of Your Household" are accounts that have been linked in accordance with Schwab's householding guidelines. Schwab makes a reasonable effort to automatically link qualified accounts of persons with the same last name at the same home address, including accounts held at certain Schwab affiliates. Schwab aggregates the balances and activities of Accounts of Your Household to determine the following for brokerage accounts: commission rates, whether those accounts may qualify for certain fee waivers, and whether those accounts may qualify for certain benefits or features ("Household Calculations"). Schwab may consider other accounts to be in your household upon your request if account holders are in the same family, if there is a dependent relationship, or if certain other similar instances at Schwab's discretion. You are responsible for identifying accounts that should be linked for purposes of determining Accounts of Your Household and Household Calculations. For example, if you or other members of your family who reside at your home address have a different last name (including a spouse, if applicable), you need to contact Schwab to request that we combine your accounts for purposes of Household Calculations. If an account is added to Accounts of Your Household, any impact on Household Calculations may not take effect until the following quarter.

**Rules Applicable to Fiduciary Accounts:** IRA, Custodial, and certain Trust accounts that meet Schwab's householding guidelines generally will be included in Household Calculations. If you have an IRA, Custodial, or Trust account and you are acting in a fiduciary capacity, it is your responsibility and not Schwab's to consider whether it is appropriate to consider the balances and activities of that account in Household Calculations, which could benefit the fiduciary account and/or other Accounts of Your Household. You must contact Schwab to request that the balances and activities of your fiduciary account not be included in Household Calculations if you determine that it is not appropriate. If you have a 403(b)(7), Company Retirement Account (CRA), Qualified Retirement Plan (QRP), or Keogh account (collectively, "Retirement Plan Account"), it is not included in Household Calculations. However, for certain services, the account holder of the Retirement Plan Account acting as fiduciary may elect to include the Retirement Plan Account in Household Calculations by providing Schwab with written instructions to do so. Please contact your advisor for the required form.

**Schwab Sales Compensation Disclosure:** Schwab offers investment products and services to you through your advisor. Schwab sales representatives may communicate the availability of these products and services to your advisor and/or negotiate associated pricing for your Account(s) with your advisor. These representatives also can receive incentive compensation from Schwab based on factors that include revenue generated on assets of your advisor's clients at Schwab, and from time to time receive incentive compensation related to specific types of investment products in which your advisor's client assets are invested. Schwab's offer of these products and services is part of its brokerage service and is not investment advice. The management of your Account(s), including the determination of your investment objectives, financial position, and investments for your Account(s), is between you and your advisor, and not Schwab.

<sup>6</sup> Formerly estate processing fee – reregistering securities held in certificate form.

<sup>7</sup> Wire transfers using electronic channels include only those initiated on [www.schwaballiance.com](http://www.schwaballiance.com) or on Schwab Mobile, and those initiated by your investment advisor on [www.schwabadvisorcenter.com](http://www.schwabadvisorcenter.com) through the Move Money tool. Wire transfer fees can be avoided by using certain automated services, such as Schwab MoneyLink®, or by using Schwab One® checkwriting services.

<sup>8</sup> Custody fees for Non-Publicly Traded Securities are billed annually in arrears. Certain Non-Publicly Traded Securities may be exempt from certain fees. Non-Publicly Traded Securities include (list is subject to change and not exhaustive): promissory notes; church bonds; limited partnerships; private limited partnerships; limited liability companies; private common, preferred, and convertible preferred stock; private bonds; private warrants; private placements; and private REITS.

**SCM Platform Fee:** 20 basis points or 0.2%. This fee is included in the above fee schedule.

**Inquiries or Questions:** Please contact your independent investment advisor directly, or call Schwab Alliance at 1-800-515-2157. International account holders, please call 1-877-714-5308, or contact your advisor for further information.

When the AMA client agreement is terminated and the advisor is no longer with SCM, transaction charges apply when making a buy or sell. The charge is a minimum of \$50 up to 1% which can be negotiated at the time of the transaction.

When the IAR selects mutual funds and exchange traded funds, the client is charged a management fee by each exchange traded fund. The management fee charged by the IAR is in addition to these exchange traded fund fees. When the advisor selects individual securities such as stocks and bonds there are no management fees charged by the individual securities.

Mutual funds ("fund") have different shares classes available and these different share classes of the same fund represent the same underlying investments. Differences in sales charges, management fees would affect a client's investments over time. Funds also have a minimum purchase amount. The amount can be found in the fund prospectus, which is the funds disclosure document. Also, SCM purchases the lowest cost shares of the share class of funds based on what is allowed in the fund prospectus. SCM is limited for purchases of share class of funds by the custodian of the clients account, Pershing. If Pershing does not have an agreement for the lowest cost shares available from the fund company, SCM will purchase the lowest cost which is available from the Pershing platform. SCM has instructed Pershing to block all 12b-1 fees and credit back to the client when a fund pays 12b-1 fees.

Service fees from Money Market Funds that are held in Client accounts at Pershing are retained by SSI. All transactions charges for managed accounts are retained by SSI which covers the costs charged by Pershing related to execution and clearing services. These transaction charges are for office ranges AGZ, option 2, and QC8, a legacy option.

Stock market exchange fees from the exchanges and Securities Exchange Commission fees will be in addition to any fees when trades are placed. These fees are on your trade confirmation and the amount varies on a case by case basis.

Margin interest is not included in billable assets. Clients can select to open a collateralized Loan Advance, non-purpose loan, account. In a non-purpose loan account, the net worth of the account is used in determining the billable value of the account.

## **1. Financial Planning**

The hourly rate is \$250 per hour or a flat fee of \$2,000 for individual clients. The hourly rate for additional services described in Section 4 Item 2 is also \$250 per hour or a flat fee of \$2,000 for individual clients. Fees are negotiable. Advisory Clients will be billed for services.

For consulting services for retirement plans the annual fee is 2%. Advisory Client will be billed quarterly in arrears. The services include asset allocation, reallocation and annual review.

## **2. Third Party Advisory Services**

Under these agreements, SCM will act as solicitor whereby an Advisory Client is referred to a third-party advisor who will provide advisory services. The fees and terms of the Advisory Client's relationship with the third-party advisor and SCM will vary depending on which third party program is selected. The fees are billed directly from the Advisory Client's account, quarterly, and paid to SCM, and SCM will then pay the IAR.

Fees are deducted directly from the Advisory Client's account(s). Fees are deducted or billed quarterly in advance. It should be noted that all mutual funds and Exchange Traded Funds ("ETFs") used by SCM, including no-loads, have a management fee that is paid to the fund manager. As a result, SCM Advisory Clients will incur two layers of fees - the first, to SCM for investment advisory services, and the second to the fund manager.

Lockwood Advisory Solutions programs fee schedules are laid out below. The IAR will add additional fees up to 1 (one) additional percent to the fees below.

### **• Lockwood Wealthstart Portfolios**

<u>Portfolio Value</u>	<u>Minimum Fee</u>
First \$500,000	0.40%
Next \$500,000	0.35%
Next \$4,000,000	0.25%

### **• Lockwood Asset Allocation Portfolios**

<u>Portfolio Value</u>	<u>Minimum Fee</u>
First \$500,000	0.40%
Next \$500,000	0.35%
Next \$4,000,000	0.30%
Next \$5,000,000	0.25%
Over \$10,000,000	0.20%

### **• Lockwood Separately Managed Accounts**

<u>Portfolio Value</u>	<u>Minimum Fee</u>
First \$500,000	0.95%
Next \$500,000	0.90%
Next \$4,000,000	0.85%
Over \$5,000,000	0.75%

### **○ SMA Fixed Income Styles**

<u>Portfolio Value</u>	<u>Minimum Fee</u>
First \$500,000	0.57%
Next \$500,000	0.54%
Next \$4,000,000	0.51%
Over \$5,000,000	0.47%

○ **SMA Muni Laddered Bond Styles**

<u>Portfolio Value</u>	<u>Minimum Fee</u>
First \$500,000	0.35%
Next \$500,000	0.35%
Next \$4,000,000	0.30%
Over \$5,000,000	0.25%

● **Lockwood AdvisorFlex Portfolios**

<u>Portfolio Value</u>	<u>Minimum Fee</u>
First \$500,000	0.40%
Next \$500,000	0.35%
Next \$4,000,000	0.25%

● **Lockwood Investment Strategies**

<u>Portfolio Value</u>	<u>Minimum Fee</u>
First \$500,000	0.75%
Next \$500,000	0.55%
Next \$4,000,000	0.40%
Next \$5,000,000	0.35%
Over \$10,000,000	0.30%

● **Managed360 Model Providers**

<u>Portfolio Value</u>	<u>Minimum Fee</u>
First \$500,000	0.30%
Next \$500,000	0.25%
Next \$4,000,000	0.20%

○ **Additional Model Provider Fees**

<u>Portfolio Value</u>	<u>Minimum Fee</u>
Russell Investments	0.00%
Vanguard	0.00%
BlackRock (\$25K min)	0.10%
BlackRock (\$10K min)	0.00%
Morningstar	0.25%
Calvert	0.00%
AlphaSimplex Group	0.25%

The Advisory Client will receive a pro-rated refund for terminating the agreement before the end of the quarter by contacting their SCM IAR. The fee refund is as follows:

Portfolio value at the end of day x Fee % / 365 x Days remaining in quarter = Total fee amount

**3. Private Fund**

The management fee will be equal to two percent (2.00%) annually for 4 years of all initially invested assets and investments of the private fund payable quarterly in arrears and will be pro-rated. SCM will receive an origination fee equal to one half of one percent (0.5%) of each Advisory Client's purchase price for an interest (not to exceed \$1,000.00 per Advisory Client); The performance fee will be payable upon a liquidation, distribution or other financial event, as determined in the sole discretion of the manager, that results in a realization of gains and/or profits from each portfolio company and shall be equal to twenty percent (20%) of such gains or profits in excess of a twelve percent (12%) compounded annual return (one percent (1%) per month of investment) to the Advisory Client from each respective portfolio company. Billing will begin once the investment is made in the portfolio company.

**Item 6. Performance-Based Fees and Side-By-Side Management**

SCM manages assets in performance-based accounts and charges performance-based fees to Advisory Clients in the Private Fund only.

Simultaneous management create a conflict of interest when an IAR is perceived to favor the Advisory Clients that charge performance-based fees when making allocations to the Advisory Client's accounts where the IAR is earning higher fees from the Advisory Clients. These arrangements create an incentive for SCM to make investments that favor one strategy over another that could be more risky or more speculative. SCM will receive increased compensation with regard to investment gains on assets in an Advisory Client's account. Any performance fee or allocation received by SCM will be in compliance with the Investment Advisers Act of 1940, and Rule 205-3. In certain circumstances, the IAR may waive all or any part of the performance fee. SCM has adopted policies under which it will allocate securities consistent with its requirements as an investment advisor. SCM manages assets in performance-based accounts and charges performance-based fees to Advisory Clients. Performance-based fees are charged in the private fund only equal to twenty percent (20%) of such gains and/or profits in excess of a twelve percent (12%) compounded annual return (pro-rated for a partial year on a monthly basis) to each Member investing in that respective Portfolio Company.

Full disclosure of the private fund investment strategies, the types of investments, and the risks are located within each private fund's subscription agreement.

SCM's disclosure is not intended to be a solicitation for, or advertisement of, performance-based accounts. Instead, such disclosures have been made to provide all SCM Advisory Clients with important information about the risks implicit in these types of activities as they relate to SCM Advisory Clients.

**Item 7. Types of Clients and Account Minimums**

The types of Advisory Clients which SCM typically provides investment advice to are, individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, and corporations. The required minimum amount of assets that is managed is \$100,000. At its discretion, SCM will accept accounts below this minimum.

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

### **Methods of Analysis and Investment Strategies**

SCM security analysis methods include Charting, Fundamental, Technical, and Cyclical analysis. (See definitions below.) The main sources of information used by SCM are financial newspapers and magazines, research materials, (prepared by others), corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission and press releases. The investment strategies used to implement any investment advice include, long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), margin transactions, option writing, including covered options, uncovered options, or spreading strategies. Portfolios are tailored to each Advisory Client. There are no specific strategies which clients can participate in.

#### **Charting Patterns:**

A price chart is a sequence of prices plotted over a specific time frame. Charts are used to analyze a wide array of securities and forecast future price movements. A graphical historical record makes it easy to spot the effect of key events on a security's price, its performance over a period of time and whether it's trading near its highs, near its lows, or in between. The period of time used is intraday, daily, weekly, monthly, quarterly or annual data.

#### **Fundamental Analysis:**

The analysis of financial statements, such as balance sheets, income statements, the general financial health of companies, as well analysis of management and the firms' competitive advantages.

#### **Technical Analysis:**

The use of historical prices of individual stocks and indexes in order to understand performance and timing for indications of purchases or sales of a particular security or index. The most common data used is price and volume.

#### **Cyclical Analysis:**

Recognizing repeating conditions of business cycles to find favorable conditions for buying and/or selling a security. Economic growth and economic recessions determine the direction of a securities price.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future results. The investment strategies of SCM will be subject to the following risks:

*Economic Risk* – the risk that conditions in the overall economy affect the performance of a security

*Industry-specific Risk* – the risk that conditions in an industry as a whole will affect the value of a company in that industry, regardless of the company's specific actions.

*Government Policy Risk* – the risk that actions of the government can affect a security's performance, whether or not the policy directly affects the company.

*Material Cost Risk* – the risk that the cost and availability of key production materials will impact security prices.

*Technology Risk* – the risk that evolution and development of technology can drastically change industries and affect security prices.

*Competitive Risk* – the risk that competition in an industry can affect a security's performance, sometimes regardless of how the company itself is performing as a business relative to competitors.

*Legal Risk* – the risk that existence of legal actions, patents, and court battles can impact a security's performance.

*Management Risk* – the risk that company management can quickly impact a security's performance due to decisions by management that adversely affects the company's business.

*Global Risk* – the risk that larger, global-scale factors of politics, economics, finance, technology, business et al can impact the value of global securities.

*Currency Risk* – A form of risk that arises from the change in price of one currency against another. This risk can increase when a company and its securities are exposed to an increasing number of currencies.

Risk of loss for the private fund involves a high degree of risk and should be considered only by Advisory Clients who can bear the risk of the loss of their entire investment.

## **Item 9. Disciplinary Information**

Saxony Capital Management, LLC. voluntarily participated in the Securities and Exchange Commission's Mutual Fund Share Class Selection Disclosure Initiative ("Initiative") in 2018. SCM consented to a settlement agreement alleging a violation of Section 206(2) of the Investment Advisers Act of 1940. SCM has entered into an order under which SCM was censured and agreed to cease and desist from committing further violations. SCM has agreed to pay disgorgement and prejudgment interest



totaling \$230,220.84. SCM has reviewed their disclosures and activities related to mutual fund share class selection for their advisory clients.

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

### **Other Financial Industry Activities**

SCM recommends other investment advisors to Advisory Clients. All compensation is received directly from other investment advisors and is disclosed to the client.

IARs of SCM will also be registered representatives, (“RRs”) of SSI and/or will also be RR’s of Patrick Capital Markets, LLC (“PCM”). As such, these IARs will effect securities transactions for their brokerage clients which will be received in addition as compensation with SSI. Associated persons will split fees with other associated persons of SCM. SCM IARs will receive a wholesaling fee from PCM if they are registered there.

SCM solicits investment products to other RIA’s and is compensated for this activity. Compensation received for soliciting investment products to other RIA’s are up to 50 basis points. No retail clients are solicited.

SCM offers compliance consulting services to other RIAs. The compensation for these services is based on the type of service or services provided. This service is not for retail clients.

### **Affiliations**

SCM is affiliated with SSI, (CRD # 115547), and PCM, (CRD # 16518), which are fully disclosed securities broker-dealers. SSI clears accounts through Pershing, LLC. In addition, SCM is affiliated with Saxony Insurance Agency, LLC, a fully disclosed limited liability company, registered with the Missouri Insurance Division. The following management persons are registered with SSI; Richard E. Griffard, President/CEO; Brian Clark, FINOP/CFO; and Mark Thompson, Compliance Officer. The following management persons are registered with PCM; Richard E. Griffard, Registered Representative, (“RR’s”) (2 hours/week); and Brian Clark, President/CEO/CFO. The following management persons are registered with SCM; Richard E. Griffard, President; Brian Clark, Senior Vice-President; Mark Thompson, Chief Compliance Officer; and John Hederman, Co-Chief Compliance Officer. Richard E. Griffard Brian Clark and Mark Thompson education and business background can be found on the Supplemental ADV Part 2B form. The following IAR’s are owners of Saxony Financial Holdings, LLC. which owns SCM: Richard E. Griffard, President; Brian Clark, Senior Vice President; Ryan Klump, IAR; Kurt Palos, IAR; and Lynn Griffard, IAR. These owners are also RR’s of SSI. **The following PCM RR’s officers are registered with SCM: Jarad Mitchell, Chief Diligence Officer and Sam Politte, Chief Marketing Officer.**

SSI and SCM share an office location and staff. SSI and SCM have an expense sharing agreement and share business expenses as they relate to this arrangement.

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

### **Code of Ethics**

SCM has adopted a Code of Ethics pursuant to SEC Rule 204A-1.

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

Persons associated with SCM will on occasion buy securities which are recommended to their Advisory Clients. These securities are widely held and publicly traded. SCM requires all of its IARs to keep records of every securities transaction in which he/she has or acquires any direct or indirect beneficial ownership. For these purposes, IAR is defined as any partner, officer or director of the adviser and any employee who obtains information about securities recommendations, any control person or affiliated person of control person; and any affiliate of such affiliated person. The record indicates the name of the security, the amount of investment, the date and nature of the transaction, the price, and the name of the broker-dealer or bank through which the transaction was effected. The record of these transactions is recorded no later than 10 days after the end of the calendar quarter in which the transaction was effected. SCM maintains a policy such that persons associated with SCM will not trade to the disadvantage of the Advisory Client.

This Code establishes rules of conduct for all supervised persons of SCM and is designed to, among other things, govern personal securities trading activities in the accounts of employees. The Code is based upon the principle that SCM and its employees have a fiduciary duty to SCM’s Advisory Clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of Advisory Clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that the high ethical standards long maintained by SCM continue to be applied. The purpose of the Code is to preclude activities which lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee and supervised person.

A copy of the Code of Ethics is available upon request.



## **Item 12. Brokerage Practices**

### **Selecting Brokerage Firms and Soft Dollars**

SCM does not select or recommend clients to broker dealers. SCM does not utilize soft-dollars and SCM does not permit an Advisory Client to direct brokerage.

### **Aggregate Orders/Block Trading**

SCM's policy is to block Advisory Client transactions where possible and advantageous to the Advisory Client. In these instances, clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the event transactions for an advisor, its employees and/or principals are aggregated with client transactions, the advisor, employees and/or principals will not receive a better price than the client.

### **Trade errors**

If the error is the responsibility of SCM, any Advisory Client transaction will be corrected and SCM will be responsible for any Advisory Client loss resulting from an inaccurate or erroneous order. If the error by representative or employee results in a gain, the firm will keep the gain. If the result of a trade error made by an Advisory Client, then the gain will be kept by SCM, but the Compliance Officer and/or management may make an exception and allow the Advisory Client to keep the gain.

## **Item 13. Review of Accounts**

Financial plans are reviewed and approved (as needed) before submitted to the Advisory Client by Mark Thompson, Chief Compliance Officer or John Hederman, Co-Chief Compliance Officer. In addition, Mark Thompson or John Hederman reviews Advisory Client accounts with SCM at different times for various reasons:

**Daily** - to ensure accurate trade execution, distributions (if applicable) and trade activity.

**Monthly/Quarterly** - proper billing and registration.

**Annually** - to ensure investment objectives are being met.

**Miscellaneous** – per Advisory Client instruction, or with change in investment objectives.

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

### **Referrals to Other Investment Advisors**

In accordance with the SEC Regulation 275.206, the IAR receives a referral fee at a negotiated rate to registered broker/dealers, investment advisers or sales representatives in accordance with the terms of a written Solicitor Agreement and after execution of a written referral fee disclosure statement by each Advisory Client in respect of such persons. Applicant's referral agreement is in compliance with the federal regulations as set out in 17 CFR Section 275-206 (4)-3, and in each state where state law requires. Each Advisory Client is given a copy of the solicitor agreement prior to or at the time of entering into any advisory contract.

### **Other Compensation**

SCM will purchase the lowest cost mutual fund available for the client. In the event of an incoming account transfer that includes mutual funds, SCM will review the mutual fund holdings and convert any mutual funds to the lowest cost mutual fund available that are not the lowest available. In the instance where the fund family does not have a fund without a 12b-1 fee, the 12b-1 fee will be credited back to the client. SCM has instructed Pershing, LLC to block all 12b-1 fees and credit the client back these fees. Since 12b-1 fees are paid in arrears, the only time 12b-1's will be paid to the advisor is when the 12b-1 fee was earned in the period prior to the client becoming an advisory client. SCM will receive additional compensation for referrals if the Advisory Client transacts business with certain advisers. In such cases, the Advisory Client shall be informed of any fees received, which will be in addition to any financial planning, consulting and investment advisory fee(s) paid by the Advisory Client.

The IAR will share or split fees with another IAR as long as they are properly registered and in the same location.

SCM does receive a percentage of the management fee, also called a service fee, from money market funds which are held in Advisory Clients' accounts.

## **Item 15. Custody**

### **Account Statements and Performance Reports Pershing LLC., Charles Schwab, TD Ameritrade and other custodians**

Advisory Clients with an SCM AMA with Pershing, LLC. will receive at least quarterly an account statement, monthly if there is any activity, confirms, and a quarterly performance report generated by Pershing, LLC. The performance reports are in addition to brokerage statements which are generated. Advisory Clients participating in Advisory Accounts with Charles

Schwab, TD Ameritrade and other custodians will receive at least quarterly an account statement, monthly if there is any activity and confirms from them.

For the private fund, SCM has custody of Advisory Client assets, pursuant to Rule 206(4)-2 of the Investment Advisers Act of 1940. The private fund will receive an annual audit of their financial statements performed by an independent public accountant. In addition, the audited financial statements must be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and distributed to all investors within 120 days of the end of the private fund's fiscal year. (Upon full liquidation of the fund, an audit of the financial statements will be administered and distributed promptly to all fund investors.)

### **Third Party Advisory Services**

Advisory Clients with Third Party Advisory Accounts will receive statements at least quarterly. If the investments are in variable annuities, the statements will be sent quarterly.

### **Item 16. Investment Discretion**

The Advisory Client will grant IAR discretionary authority to purchase and or sell shares of selected no-load mutual funds and mutual funds offered at NAV. In addition, discretionary authority is granted by the Advisory Client to manage other securities, including, but not limited to stocks, bonds, options and eligible variable annuities. The Advisory Client must sign the SCM Client Agreement in order to give discretionary authority to the IAR.

### **Item 17. Voting Client Securities**

SCM does not have the authority to vote Advisory Client securities. Advisory Clients will receive their proxies or other solicitations directly from their custodian or transfer agent. Advisory Clients can contact SCM with questions about a particular solicitation. Pershing, LLC., Charles Schwab and TD Ameritrade send the Advisory Client their proxies or other solicitations. Advisory Clients may contact SCM with questions about a particular solicitation.

### **Item 18. Financial Information**

SCM does not require the prepayment of fees of \$500 or more, six months or more in advance. SCM does not have any financial issues that would impair its ability to provide services to Advisory Clients.

On April 30, 2020, the firm received a Paycheck Protection Plan Loan, ("PPP"), of \$45,513 through the Small Business Administration in conjunction with the relief afforded from the CARES Act. The firm used the PPP to continue payroll and other qualified expenses for the firm and the firm did not suffer any interruption of service.