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**Item 1 – Cover Page**

# Brochure

## Adaptation Financial Advisors Inc.

700 Cedar Lake Blvd  
Oklahoma City, OK 73114  
972-774-0700  
[www.adaptadvisors.com](http://www.adaptadvisors.com)

August 30, 2021

This Brochure provides information about the qualifications and business practices of Adaptation Financial Advisors Inc. (“Adaptation Financial”, “firm”, “us”, “we” or “our”). When we use the words “you”, “your” and “client” we are referring to you as our client or our prospective client. We use the term “supervised person” when referring to our officers, employees, and all individuals providing investment advice on behalf of Adaptation Financial. If you have any questions about the contents of this Brochure, please contact us at 972-774-0700 or [aniemann@adaptfa.com](mailto:aniemann@adaptfa.com). 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.

Adaptation Financial is a registered investment adviser. The registration of an investment adviser does not imply any level of skill or training. The oral and written communications made to you by Adaptation Financial, including the information contained in this Brochure, should provide you with information to determine whether to hire or retain Adaptation Financial as your adviser.

Additional information about Adaptation Financial also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any persons affiliated or registered with, and or required to be registered, as investment adviser representatives of Adaptation Financial.

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## Item 2 - Material Changes

This Brochure reflects the current advisory activities of Adaptation Financial as of the date set forth on the cover and is posted on the SEC's public disclosure website ("IAPD") at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). The "material changes" made to this Brochure since our last delivery or posting of the Brochure on the SEC's public disclosure website are set forth below.

- *Item 4 Ownership* has been amended to reflect APN Adaptation Financial as the majority shareholder of Adaptation Financial and the Alan P. Niemann Trust as the sole member of APN Adaptation Financial Holdings LLC, Alan P. Niemann, Trustee .
- *Item 10 Other Financial Industry Activities and Affiliations* has been amended to reflect Adaptation Financials' ownership of MDK Financial Group, Inc., an SEC registered investment advisor.

In addition to the material changes set forth above, this Brochure does include a number of minor editorial changes and the updated information on our assets under management.

Currently, our Brochure may be requested by contacting Alan P. Niemann, CCO at 972-774-0700. Our Brochure is also available on our web site [www.adaptfa.com](http://www.adaptfa.com), free of charge.

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## **Item 4 – Advisory Business**

Adaptation Financial will provide discretionary and non-discretionary portfolio management on a continuous and regular basis, including financial planning, general investment advice, portfolio monitoring and evaluation, on the terms and conditions specified in the customer profile and advisory agreement signed by the client.

### ***Ownership***

Adaptation Financial is a subsidiary of APN Adaptation Financial Holdings LLC, an Oklahoma limited liability company (“APN Adaptation Financial Holdings”). APN Adaptation Financial Holdings is the majority shareholder of Adaptation Financial. The Alan P. Niemann Trust is the sole member of APN Adaptation Financial Holdings, and Alan P. Niemann is the Trustee for the Trust. Adaptation Financial was organized in February 2020, and is an investment adviser registered with the SEC.

### ***Services Offered***

Adaptation Financial offers a variety of advisory services to its clients. Such services include portfolio management and wealth management, financial planning, and consulting services. In working with clients, Adaptation Financial seeks first to evaluate each client’s current, holistic financial situation. Adaptation Financial then designs and implements an investment plan aimed at achieving a client’s financial objectives. Prior to rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with the Firm setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

### ***Investment Products***

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding equity securities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities, U.S. Government securities, options contracts on securities and ETFs, including ETFs in the gold and precious metal sectors. Insurance products may also be recommended when we deem such investment to be appropriate. Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity, and suitability. You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### ***Assets Under Management***

As of December 31, 2020, Adaptation Financial has \$309,880,000 in assets under management on a discretionary basis.

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## ***Wrap Fees***

Adaptation Financial serves as an investment manager to and sponsor of a wrap fee program as described further in Adaptation Financials Form ADV 2A, Appendix 1 (our “[Wrap Fee Program Brochure](#)”). A wrap fee program is a program where a client is charged a specified “bundled” fee (generally, a percentage of assets under management) for discretionary investment management services and trade execution costs and sometimes other services such as custody, recordkeeping, and reporting.

## ***Overview of Services Offered***

### ***Portfolio and Wealth Management Services***

Adaptation Financial manages client investment portfolios on a discretionary and non-discretionary basis. In addition, we provide clients with wealth management services that include a broad range of comprehensive financial planning services in addition to the discretionary management of investment portfolios. Adaptation Financial tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. We consult with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios.

Clients are advised to promptly notify us if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if we determine, in our sole discretion, the conditions will not materially impact the performance of a management strategy or prove overly burdensome to our management efforts.

### ***Wealth Management Services Program:***

Our wealth management services comprise financial planning and portfolio management services. Our services are comprehensive, covering substantially all aspects of your personal financial situation and, importantly, take into consideration the complex interactions of the many areas involved. A thorough understanding of your total assets and obligations and income and expenses is integral to the advice and services we provide.

### ***Portfolio Management within Variable Annuities:***

When deemed suitable or requested by a client, Adaptation Financial may recommend the purchase of a no-load Variable Annuity. Our portfolio management services within these products are limited to the initial selection and ongoing reallocation of the Variable Annuity Sub-accounts. Portfolio Management Services with Variable Annuities are otherwise similar to our standard Portfolio Management Services.

### ***Portfolio Management within 529 Plans:***

Adaptation Financial will assist with portfolio management within 529 Plans. Our portfolio management services within these products are limited to the initial selection and ongoing reallocation of the available investments. 529 Plan Investments are treated differently than other

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investments for tax purposes, and clients should review the features and associated costs of a plan prior to purchase. Portfolio Management within 529 Plans are otherwise similar to our standard Portfolio Management Services.

### ***Wrap Program Services***

Portfolio management services provided through our Wrap Fee Program, participants will receive portfolio management, custodial, reporting, and clearing services for one all-inclusive fee. When providing portfolio management services, we not only make recommendations related to investments, but also implement these recommendations and provides ongoing monitoring and reporting. For a more detailed description of our Wrap Fee Program, clients should refer to our Wrap Fee Program Brochure.

### ***Co-Advisory Services***

Adaptation Financial participates, under a co-advisory relationship with Cambridge Investment Research Advisors, Inc. (“CIRA”), in fee-based services sponsored through CIRA’s WealthPort Wrap Program (“WealthPort Wrap Program”). The WealthPort Wrap Program charges an all-inclusive fee, covering custodial, brokerage, and investment advisory services. The WealthPort Wrap Program encompass the Advisor-Directed Program and the Cambridge Asset Allocation Platform (“CAAP”). All clients are provided with the WealthPort Wrap Brochure before or at the time the client enters into this program. Advisory Representatives of Adaptation Financial who direct clients to the WealthPort Wrap Program provide customized portfolio management solutions based on a client’s individual circumstances, risk tolerance, investment objectives, and time horizon on a discretionary basis. The Advisory Representative will meet with the client at least annually to review personal circumstances and investment objectives and adjust the portfolio’s asset allocation as needed.

The CAAP program is a discretionary portfolio management solution offering access to multiple individual portfolio strategists. Each strategist offers a unique approach to investing and may offer multiple model portfolios. Advisory Representatives work with clients to identify an appropriate strategist(s) and model portfolio(s) based on individual circumstances, investment objectives, risk tolerance, and time horizon. Clients are provided an Investment Policy Statement which confirms the selected strategist(s) and model portfolio(s), as well as the investment objective and time horizon.

The Advisory Representative will meet with the client at least annually to review personal circumstances and investment objectives and confirm the appropriateness of the strategist(s) employed and model portfolio(s) utilized. CAAP strategists are not affiliated with Adaptation Financial or CIRA.

### ***Third-Party Investment Advisors Services***

Adaptation Financial will use the services of third-party investment advisors as sub-advisors. If we choose this option, we will select a third-party investment advisor whose style and talent best fit your individual needs and objectives. Your agreement with us gives us the authority to hire or fire these managers on your behalf. Once a third-party investment advisor is selected, we



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will continue to monitor their performance. If our services to you include the use of these third-party investment advisors, you will typically sign an agreement with them in addition to the advisory agreement you will sign with Adaptation Financial. If you are interested in learning more about any of these third-party investment advisors and their services, a complete description of their programs, services, fees, payment structure and termination features are found in their service disclosure brochures, investment advisory contracts, and account opening documents. Our advisory responsibility is to select and monitor any third-party investment advisor that provides services to us. Factors that we consider in their selection may include:

- Their size
- How long they have been in business
- The experience level and turnover of their portfolio managers
- A review of their historical performance and risk measurements
- A review of their disclosure documents

In deciding to use a third-party investment adviser to manage your assets, we consider your risk tolerance, goals, objectives, time horizons, and general financial situation. We also consider your level of investment experience and the assets you have available for investment. If you were to go to these third-party investment advisors on your own, the fees they charge you may be more or less than going through us. However, when using their services directly, you will not receive our expertise in developing an investment strategy, selecting the third-party investment advisors to use, monitoring the performance of your account, and changing third-party investment advisors if needed.

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

Adaptation Financial offers clients financial planning services, which involves preparing a written financial plan that covers specific, or multiple topics. We provide full written financial plans, which typically address one or more the following topics:

- |                         |                                   |
|-------------------------|-----------------------------------|
| • Investment Consulting | • Business Planning               |
| • Insurance Planning    | • Trust and Estate Planning       |
| • Retirement Planning   | • Succession Planning             |
| • Debt Planning         | • Special Needs Planning          |
| • Estate Planning       | • Income Planning                 |
| • Cash flow Planning    | • Key Employee Retention Planning |
| • Charitable Giving     | • Estate Equalization             |

While these services are generally rendered in conjunction with portfolio management as part of a comprehensive wealth management engagement (as described above), clients can engage us to provide these services on a stand-alone basis. We will consult with clients and gather appropriate information. Clients may be requested to complete a questionnaire or provide us with copies of certain client documents. In performing these services, we are not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. We also offer

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consultations in order to discuss financial planning issues when you do not need a written financial plan. We offer a one-time consultation, which covers mutually agreed upon areas of concern related to investments or financial planning. We also offer “as-needed” consultations, which are limited to consultations in response to a particular investment or financial planning issue raised or request made by you. Under an “as-needed” consultation, it will be incumbent upon you to identify those particular issues for which you are seeking our advice or consultation on. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by us under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising our recommendations and/or services.

### ***Retirement Plan Consulting Services***

Adaptation Financial offers retirement plan consulting services to employee benefit plans and their fiduciaries. The services are designed to assist the plan sponsor (the “Company”) in meeting their management and fiduciary obligations to the plan under ERISA. Retirement consulting services will consist of general or specific advice, and may include any one or all of the following:

- Strategic Planning and Investment Policy Development/Review.
- Plan Review.
- Plan Fee and Cost Review.
- Acting as a Third-Party Service Provider Liaison.
- Assessment of Plan Investments and Investment Options.
- Plan Participant Education and Communication.

The Company may also engage us to provide the following additional services, for separate compensation:

- Review of Executive Benefits.
- Assist with Plan Conversion.
- Merger and Acquisition Assistance.
- Assist with Corrective Actions to Comply with Applicable Regulations.
- Coordination with Other Advisers.

We will determine with the Company in advance the scope of services to be performed and the fees for all requested services. Prior to engaging us to provide pension consulting services, the Company will be required to enter into a written agreement with us setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the relevant fees and fee-paying arrangements. The services outlined above that we provide are explained in more detail in the written agreement.

When we perform our agreed upon services, we will rely on the information provided to us by the Company. We will not be required to verify the accuracy or consistency of any information received from the Company.

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We will serve in a fiduciary capacity with respect to some of the services that we provide which will be further explained in the written agreement we sign with the Company. The Company is always free to seek independent advice about the appropriateness of any recommendations made by us.

### ***Educational Seminars and Workshops***

Adaptation Financial may hold investment-related educational seminars and/or educational events to existing clients, prospective clients, and the general investing public. The seminars feature general investment-related advice for educational purposes and may include both securities and non-securities topics. No specific individualized investment advice regarding investment objectives or investment related needs of the attendees, listeners, or audience is rendered during seminars. However, participants are free to schedule meetings with the Adviser(s) in an effort to obtain personalized investment advice.

### ***ERISA Clients***

With regard to prospective ERISA clients, Adaptation Financial does not generally assume the role of a fiduciary with respect to ERISA plans.

### ***Education***

All personnel of Adaptation Financial are expected to have education and business backgrounds that enable them to perform their respective responsibilities effectively. In assigning responsibilities, we consider academic background (including studies in college and graduate schools, as well as degrees earned), industry training, licenses, and certifications. Work experience in a related field, such as investments, commodities, insurance, banking, or accounting, is also considered. No formal, specific standards have been set, but appropriate education and experience are required. See our ADV Form Part 2B for additional information on our investment professionals.

## **Item 5 – Fees and Compensation**

### ***Types of Compensation***

Based on the investment services provided, Adaptation Financial is compensated by the following means:

- A percentage of assets under management
- Hourly charges
- Fixed fees (other than subscription fees)

### ***Portfolio and Wealth Investment Management Fees***

#### ***Establishment Fee:***

At the onset of each investment management relationship, we have the discretion to charge a one-time fixed fee, ranging from \$250 - \$1000, which is determined by the complexity and scope

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of your financial profile. The advisory professional assigned to your account will fully discuss and disclose the amount of the establishment fee at the time of the signing of the investment management agreement. The establishment fee if imposed is due and payable upon presentation of the financial profile.

***Portfolio Investment Management Fee***

The range of Investment Management Advisory Fees is as follows:

<u>Total Account Value</u>	<u>Maximum Advisory Fee</u>
First \$0 - \$500,000	1.75%
Next \$500,001 - \$750,000	1.50%
Next \$750,001 - \$1,000,000	1.25%
Next \$1,000,001 - \$2,000,000	1.00%
Next \$2,000,001 - \$3,000,000	0.85%
Next \$3,000,001 - \$4,000,000	0.60%
Over \$4,000,001	Negotiable

All fees are subject to negotiation. The amounts and specific manner in which fees are charged is negotiated and memorialized in Adaptation Financials' advisory agreement with our clients. We bill our portfolio management fees in advance, or in arrears, and monthly or quarterly, as determined by the client's specific advisory arrangement with us. Monies added during the quarter including contributions thru payroll reduction, dividends, interest, capital gains, all sources of income regardless of timing will be included in the fee computation.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts.

***Wrap Fees***

**Wrap Fee Program Fees**

Under the Adaptation Financial Wrap Fee Program, clients pay a single fee for discretionary investment management services, trade execution costs and custodial fees that are customary and usual when having a brokerage account. You do not pay separately for commissions for each trade we execute in this type of account. Instead, we incur the cost of executing securities transactions. For a more detailed description of the Wrap Program fees, clients should refer to our separate Wrap Fee Program Brochure.

**Co-Advisory Program Fees**

Clients of the WealthPort Wrap Program are charged an all-inclusive annual fee for custody and trading and advisory services. An optional setup fee for additional services may be charged, when applicable. The client account may be billed monthly or quarterly, in advance or in

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arrears, depending on the agreement. The maximum fee is 2.25%. For a more detailed description of the Wrap Program fees, clients should refer to the WealthPort Wrap Brochure.

Fees for the CAAP program are a maximum 2.15% per year of assets under management. CAAP charges an annual account fee for advisory, transaction and custodial (program fee), and strategist services. An optional setup fee for additional services may be charged, when applicable.

### ***Third-Party Investment Advisor Fees***

The fees payable to Adaptation Financial for third-party advisory services will depend upon the fee arrangement between Adaptation Financial and the third-party advisor to whom you are referred to. We will either share in the fee paid by you to the third-party advisor or charge a fee that is in addition to the fee paid to the third-party advisor. Clients will receive a full disclosure of the fee schedule, including fees received by Adaptation Financial, and the services to be provided to you by Adaptation Financial and the third-party advisor in the investment advisory agreement between the parties, and the relevant third-party advisor's brochure or equivalent disclosure document and privacy policy, prior to placing the assets with the third-party advisor selected. In addition, if the investment program recommended to you is a wrap fee program, you will also receive the equivalent wrap fee brochure provided by the sponsor of the program.

The basic fee schedule for these services will vary based on the third-party advisor chosen to provide this service. The fee will be based on the amount of assets managed and could be negotiable. Such compensation differs depending upon the individual agreement we have with each third-party advisor.

### ***Financial Planning and Consulting Fees***

We charge fixed and/or hourly fees for financial planning and consulting services. Fees are based on several factors including time and labor, the nature and complexity of your situation, and any special circumstances involved. These fees are negotiable.

The terms and conditions of the financial planning and/or consulting engagements are set forth in the Financial Planning Agreement, and we generally require one-half of the fee (estimated fixed) payable upon execution of the Financial Planning Agreement. The outstanding balance is generally due upon delivery of the financial plan or completion of the agreed upon services. Fixed or flat fees for a financial plan will range from \$500.00 - \$25,000.00, depending on the nature and complexity of your circumstances. In addition to financial planning, we can provide you with consultation on various financial topics to address your specific needs and objectives. Your Advisory Representative will analyze your current financial situation and investment goals and present strategies and recommendations to help you attain those goals. Adaptation Financial charges an hourly fee ranging from \$75.00 to \$500.00 per hour. These hourly rates are billed monthly and are due and payable as incurred.

In the event that you terminate your Financial Planning Agreement, the balance of our unearned fees, if any, will be returned to you in a timely manner.

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### ***Retirement Plan Consulting Services Fee Schedule***

We will bill the sponsor or employer for Retirement Plan Consulting Services, at a pre-determined hourly rate. The exact fee is negotiated in advance of services rendered and is disclosed in the executed written agreement that we sign with the Company. Fees will be billed quarterly in arrears. In special circumstances, other fee-paying arrangements may be negotiated. Our hourly fee is \$350.00 per hour for retirement plan consulting services.

### ***Seminars and Workshops***

Our Advisory Representatives are permitted to host seminars or workshops on various financial topics that encourage clients to seek investment advisory services or purchase securities or insurance products. Fees for the seminars or workshops generally range from \$0 to \$250 per session. Fees may be negotiable for group rates and are negotiated based upon the number of attendees and the content of the seminar or workshops. Fees are due before the seminar or workshop or on the day of the seminar or workshop, as set forth in the announcement. Cancellation and refund provisions for prepaid fees are disclosed in the seminar or workshop announcement or invitation.

### ***General***

#### ***Transaction Costs***

With the exception of our Wrap Fee Program, our fees are advisory 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 fund investments in the programs that we offer are no-load or load at net asset value (“NAV”). All mutual fund investments will be subject to early redemption fees, and internal mutual fund management fees, as well as other mutual fund expenses, which are all disclosed in the fund’s prospectus. These fees are in addition to our advisory fees and expenses referenced herein. Please review the mutual fund prospectus for full details.

There are additional fees relating to IRA and Qualified Retirement Plan accounts that you will incur such as maintenance and termination fees. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

See also “*Item 10 -Other Financial Industry Activities and Affiliation, Brokerage Practices and Client Referrals and Other Compensation*” for a description of factors that Adaptation Financial considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions), and potential conflicts of.

Please be aware that you are under no obligation to purchase products or services recommended by us or advisors of Adaptation Financial in connection with providing you with any advisory service that we offer.

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### ***Valuation***

The valuation of securities and other instruments are generally determined by their last reported sale price on the principal market in which they are traded, as reflected on the Custodians account statements, if traded on a market for which transaction prices are publicly reports. Otherwise, other readily marketable securities and instruments are valued by using a pricing service or by other equitable means consistent with our fiduciary duty to determine a fair market value.

### ***Termination***

The relationship between parties may be terminated by either party upon 5 days' written notice. Notwithstanding the above, if the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory agreement with this investment adviser, then the client has the right to terminate the relationship, without penalty, within five (5) business days after entering into the agreement. If the relationship is terminated in the middle of a month or quarter, and client has prepaid the advisory fee, Adaptation Financial will reimburse client a percentage of the unearned prepaid fee, on a pro rata basis.

### ***Special Situations***

With respect to employee related accounts, the quarterly fees are generally less. Additionally, Adaptation Financial may charge less with respect to certain client accounts, depending upon a number of factors, including portfolio size, length of employment, and relationship to the employee.

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

Adaptation Financial does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), nor does it engage in side-by-side management.

## **Item 7 – Types of Clients**

We offer portfolio management investment advice to the following types of clients:

- Individuals
- Families
- High net worth individuals
- High net worth families
- Pension and profit- sharing plans (other than participants)
- Charitable organizations
- Trusts
- Estates
- Private business owners

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- Public company affiliates
  - Private foundations

### ***Account Minimum Requirements***

As a condition for starting and maintaining an investment management relationship, Adaptation Financial generally imposes a minimum portfolio value of \$40,000 for non-wrap advisory services, and \$500,000 for wrap program advisory services. Adaptation Financial may, in its sole discretion, accept clients with smaller portfolios based upon certain circumstances. Such circumstances may include but not be limited to the addition of assets to your account in the future, or the fact that you and or family may have other accounts under management with us.

Third-party managers also have their own account size and/or fee minimums. These will be disclosed in the manager's disclosure documents and any agreements you may sign with them. We also try to disclose these management fees (or fee ranges) in the client agreement that you will sign with us.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

### ***Analysis Methods***

Security analysis methods utilized by Adaptation Financial include the following:

#### ***Charting***

Charting analysis seeks to identify resistance and support reference prices for decisions to buy (price hits the support) or sell (price hits the resistance). Through charting, the analysis seeks to identify price patterns and market trends in financial markets. Charting may apply to long-term investing or be used as a market-timing strategy, depending on the timeframe of the price charts.

#### ***Fundamental***

Fundamental analysis maintains that markets may misprice a security in the short run, but that the correct price will eventually be reached by the market. The fundamental analysis of a business involves analyzing a businesses: financial statements and health, management and competitive advantages, and competitors and markets. When applied to futures and forex, it focuses on the overall state of the economy, interest rates, production, earnings, and management.

#### ***Technical***

Technical analysis maintains that all information is already reflected in the stock price. Technical analysis is a discipline for forecasting the direction of prices through the study of past market data, primarily price and volume. Generally, technical analysis employs models and trading rules based on price and volume transformations, such as the relative strength index, moving averages, regressions, inter-market and intra-market price correlations, business cycles, stock market cycles or, classically, through recognition of chart patterns.



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### ***Cyclical***

Cyclical analysis generally targets cyclical stocks for purchase of equity securities when the ratio of price-to-earnings (P/E Ratio) is low and sell them when the P/E Ratio is high (i.e. when earnings are peaking). The P/E Ratio is a measure of the price paid for a share relative to the annual net income or profit earned by the firm per share.

### ***Sources of Information***

Some of the sources of information that Adaptation Financial uses to analyze these investment strategies are newspapers, magazines, newsletters, and news services to evaluate the economic environment and the prospects for specific securities including mutual funds. In addition, Adaptation Financial also relies upon outside consultants to provide evaluations of specific securities and the prospects of various sectors of the economy. In some cases, Adaptation Financial may visit the corporate headquarters of investment sponsors, or the sites of investment projects to refine its understanding of sponsors, investments, and the investment environment. Additionally, Adaptation Financial may obtain information from websites.

### ***Investment Strategies***

The investment strategies Adaptation Financial uses to implement any investment advice given to clients includes the following:

- Long term Purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Option writing, including covered options, uncovered options or spreading strategies

### ***Investment Strategy Risks***

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

#### ***General Risks***

***Lack of Diversification:*** Portfolio investments may be concentrated, and diversification may be limited. There are no limits with respect to position sizes. Any assets or combination of assets that can be held in a securities account can be purchased or sold.

***Cash and Cash Equivalents:*** Accounts may maintain significant cash positions from time to time and the client will pay the Investment Management Fee based on the net asset value of the Account, including cash and cash equivalents. Furthermore, the Account may forego investment opportunities to hold cash positions if we consider it in the best interests of the Accounts.

***Interest Rate Fluctuation:*** The prices of securities in which the Advisor may invest are sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were

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not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs of borrowed securities and leveraged investments.

***Long term Purchases (securities held at least a year)***

***Liquidity:*** The portfolio may be invested in liquid and illiquid securities. You should be aware that liquid securities may become less liquid during the holding period.

***Short term purchases (securities sold within a year)***

***Market Risks:*** The success of a significant portion of the program will depend, to a great extent, upon correctly assessing the future course of the price movements of the securities traded. There can be no assurance that the trading program will be able to predict accurately these price movements. Additionally, over time, the effectiveness of the trading program may decline, including due to other market participants developing similar programs or techniques.

***Trading (securities sold within 30 days)***

***Market Risks:*** The success of a significant portion of a trading program will depend, to a great extent, upon correctly assessing the future course of the price movements of the securities traded. There can be no assurance that the trading program will be able to predict accurately these price movements. Additionally, over time, the effectiveness of the trading program may decline for many reasons, including other market participants developing similar programs or techniques.

***Trading is Speculative:*** There are risks are involved in trading securities. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets and such intervention (as well as other factors) may cause these markets to move rapidly.

***Turnover:*** Our trading activities may be made on the basis of short-term market considerations. The portfolio turnover rate could be significant, potentially involving substantial brokerage commissions, and related transactional fees and expenses.

***Utilization of Alternative Investments***

Alternative investment products, including hedge funds, commodity hedged accounts and managed futures, involve a high degree of risk, often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager.

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## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Adaptation Financial or the integrity of Adaptation Financial's management. Adaptation Financial has no information which is applicable to this Item.

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

### ***Registered Representative of a Broker-Dealer***

Advisory Representatives of Adaptation Financial are associated with Cambridge Investment Research, Inc. ("Cambridge") as Registered Representatives. Cambridge is a diversified financial services company registered with the SEC and a member firm of the Financial Industry Regulatory Authority ("FINRA") as a broker-dealer engaged in the offer and sale of securities products. Our Advisory Representatives may recommend the purchase of securities offered by Cambridge. If you purchase these products through them, they will receive normal commissions, which may be in addition to customary advisory fees. As such, they may have an incentive to sell you commissionable products in addition to providing you with advisory services when such commissionable products may not be suitable. Although our Advisory Representatives' security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives they have to sell certain securities products, and you are encouraged to ask them about any conflict presented.

### ***MDK Financial Group, Inc.***

Adaptation Financial is the sole shareholder of MDK Financial Group, Inc. ("MDK"), an affiliated, SEC-registered investment adviser. Adaptation Financial and MDK do not share Supervised Persons or share office space, and as such, MDK operates as an independent investment adviser.

### ***Insurance Agency***

Certain Advisory Representatives of Adaptation Financial participate in the ownership of Diversified Insurance Brokerage Associates, LLC ("Diversified"), an insurance agency appointed by various life, health, and disability insurance companies. When Advisory Representative sell insurance products to our clients, such transactions are made through Diversified. As a result, Diversified participates in the insurance commissions generated by such transactions. While insurance services are separate and distinct from the portfolio management, financial planning and other services provided by Adaptation Financial, the sale of insurance products through our Advisory Representatives and or Diversified to our advisory clients does create a conflict of interest, due to the compensation paid to Diversified and or our Advisory Representatives as a result of those transactions. While you are under no obligation to purchase insurance products through Diversified or our Advisory Representatives, you are encouraged to ask them about any conflict presented.

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### ***Insurance Agent***

Certain Advisory Representatives of Adaptation Financial are licensed insurance agents and appointed by various insurance companies to offer their products. If you purchase insurance products through Advisor Representatives, acting in their capacity as an insurance agent, they will receive normal commissions, which will be in addition to customary advisory fees. While insurance services are separate and distinct from the portfolio management, financial planning and other services provided by Adaptation Financial, the sale of insurance products through our Advisory Representatives to our advisory clients does create a conflict of interest, due to the compensation paid to the Advisory Representatives as a result of those transactions. Clients are under no obligation to act upon any recommendations or purchase any insurance products through our Advisory Representatives, however, you are encouraged to ask them about any conflict presented. Notwithstanding the above, insurance products that generate a commission are not included in the assets under management by Adaptation Financial.

### ***Recommendations or Selections of Other Investment Advisers***

Adaptation Financial recommends clients to other investment advisers to manage their accounts. This situation creates a conflict of interest. However, when recommending clients to another investment adviser, the client's best interest and suitability of the other investment advisers will be the main determining factors of Adaptation Financial. We do not share in the advisory fee with these other investment advisers, but are compensated by the client, separately from the other adviser. This relationship is disclosed to the client at the commencement of the advisory relationship. You are not obligated, contractually or otherwise, to use the services of any other investment advisers we recommend. Additionally, we will only recommend another investment adviser who is properly licensed or registered as an investment adviser.

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

### ***General***

Adaptation Financial has adopted a Code of Ethics for all of our supervised persons describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Adaptation Financial must acknowledge the terms of the Code of Ethics annually, or as amended.

Subject to satisfying this policy and applicable laws, officers, directors, and employees of Adaptation Financial and its affiliates are allowed to trade for their own accounts in securities which are recommended to and/or purchased for our clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Adaptation Financial will not interfere with (i) making decisions in the best interest of advisory

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clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of our clients. In addition, the Code of Ethics requires pre-clearance of many transactions and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Adaptation Financial and its clients.

### ***Personal Trading***

Adaptation Financial and our related persons are allowed to purchase and sell securities for their own account. To prevent conflicts of interest, all employees of Adaptation Financial must comply with our Code of Ethics, which imposes restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.,

Certain affiliated accounts are allowed to trade in the same securities with client accounts on an aggregated basis when consistent with our obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. We will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order.

Adaptation financials clients or prospective clients may request a copy of our Code of Ethics by contacting Alan P. Niemann or Annetta Box Taylor.

### ***Insider Information***

Further, the Code of Ethics and our Compliance Manual impose certain policies and procedures concerning the misuse of material non-public information that are designed to prevent insider trading by any officer, partner, or supervised person of Adaptation Financial.

## **Item 12 – Brokerage Practices**

### ***General***

For execution of securities transactions that are custodied by Pershing, LLC (“Pershing”) and or National Financial Services (“NFS”), Adaptation Financial utilizes Cambridge Investment Research, Inc. (“Cambridge”). Cambridge introduce its securities clients and transactions on a fully disclosed basis through Pershing and NFS. Adaptation utilizes Pershing, NFS, Ameritrade Institutional, a division of TD Ameritrade Inc. (“TD Ameritrade”) and Fidelity Institutional Wealth Services (“Fidelity”) as custodians of client portfolio assets (collectively referred to collectively as “Custodians”).

For Clients wishing to have their Advisory Representative implement their investment advice, in their capacities as registered representatives, their broker/dealer Cambridge will be used. Cambridge has a wide range of approved securities products for which Cambridge performs due

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diligence when selecting. Cambridge's registered representatives are required to adhere to these products when implementing securities transactions. The commissions earned for these products may be higher or lower than commissions earned through another broker/dealer.

The Custodians and Cambridge are independent and unaffiliated registered broker-dealers, and are members of FINRA, the Securities Investor Protection Corporation ("SIPC"). and the National Futures Association ("NFA"). Clients are free to select any Custodian utilized by Adaptation Financial.

### ***Best Execution***

As a fiduciary, Adaptation Financial must seek best execution for client transactions, which includes consideration of a client's total costs or proceeds and the quality of broker-dealer services. Ultimately the determinative factor in our best execution analysis is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution for the managed account.

To address its best execution obligation, Adaptation Financial (i) maintains best execution policies and procedures designed to address our current business; (ii) monitors qualitative factors related to our Custodians, including execution capability, financial responsibility and responsiveness the execution performance; and (iii) conducts ongoing due diligence of the Custodians execution to verify that that prices received were favorable under prevailing market conditions.

Additionally, with respect to mutual funds, the duty to seek the most favorable terms reasonably available under the circumstances gives rise to the recognition by Adaptation Financial that the management of overall investment expenses requires a balance between choosing the most appropriate share class investment for a client portfolio that offers no loads, transaction fees or commissions and using a vehicle with a low annual expense ratio. However, in managing the client portfolio assets, Adaptation Financial will balance the benefits of investing in mutual funds that are considered "*no-load, no transaction fee*" at the Custodian, as opposed to using a fund with a transaction fee or commission, but which carries a much lower annual operating expense ratio.

### ***Trade Aggregation***

When Adaptation Financial trades the same security in more than one client account at the same custodian, we generally attempt to batch or bunch the trades in order to create a block transaction. Generally, buying and selling in blocks helps create trading efficiencies, prompt attention and desired price execution. The commission amount and per share commission rate will differ between our clients with directed brokerage relationships due to the dollar value and the size (number of shares) of the trade for each account, and the total relationship between the client and their broker. Because each client differs in portfolio size, investment objective, equity exposure and the extent of the relationship with their broker, we do not negotiate commission discounts on the block transaction itself.

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Notwithstanding the above, we are not required to bunch orders if we determine that it would be consistent with our fiduciary duties not to do so, or if portfolio management decisions are not made together.

### ***Soft Dollar Arrangements***

The Custodians provide us and our clients with access to their institutional brokerage services, including brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment, and some of which might not otherwise be available to Adaptation Financial clients. The Custodians also makes available to us products and services that benefit us but may not directly benefit clients or their accounts. These products and services assist us in managing and administering our clients' accounts. They include investment research, both the Custodians and that of third parties. We may use this research to service all or some substantial number of our clients' accounts. In addition to investment research, The Custodians also makes available software and other technology that: provide access to client account data (such as duplicate trade confirmations and account statements); facilitate trade execution and allocate aggregated trade orders for multiple client accounts; provide pricing and other market data; facilitate payment of our fees from our clients' accounts; and assist with back-office functions, recordkeeping and client reporting. The availability of these services from the Custodians benefits us because we do not have to produce or purchase them. The availability of these services may give us an incentive to require you to maintain your account with the Custodians, based on our interest in receiving services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of the Custodians, as custodian and broker is in the best interests of our clients. Our belief is primarily based on our evaluation of the factors discussed above, including the scope, quality, and price of the Custodians' services, and not just the services that only benefit us.

## **Item 13 – Review of Accounts**

### ***Account Review***

Alan P. Niemann or his designee will review all accounts no less than quarterly and compare each investment on a transaction basis to insure that each transaction is: (i) suitable to the respective client's investment objectives; (ii) meets that client's quality standards; and (iii) to make sure that their investment objectives are still pertinent to the managed account arrangement. More frequent reviews can be triggered by material changes in variables such as the client's individual circumstances or the market economic or political environment.

Generally, our financial planning services terminate upon the presentation of the written plan. Our financial planning and consulting services do not include monitoring the investments of your account(s), and therefore, we do not provide an ongoing review of your account(s) under such services.

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### ***Reports***

Clients will receive reports at least quarterly from the Custodian of their accounts. This quarterly report will show beginning and ending value and all transactions executed during the time period as well as deposits and withdrawals from the Account. You are encouraged to compare any reports or statements provided by us, or third-party money manager against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

Financial planning clients do not receive any report other than the written plan originally contracted for and provided by Adaptation Financial.

### ***Trade Errors***

Adaptation Financial seeks to effect transactions correctly, promptly and in the best interests of clients; however, the Firm is not responsible for execution or trading errors committed by the brokers with which it transacts. In the event an error occurs in our handling of client transactions, we seek to identify and correct any errors as promptly as possible without disadvantaging the client. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the client.

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

### ***Client Referrals***

Adaptation Financial does not utilize or pay third party solicitors for the referral of advisory clients to us.

### ***Compensation to Advisory Representatives***

#### ***Advisory Fees***

A portion of the advisory fees payable to us in connection with your account is allocated on an ongoing basis to your advisory representative. The rate of compensation we pay financial advisors with respect to advisory services may be higher than the rate they can earn with respect to transaction-based brokerage accounts. Your advisory representative may therefore have a financial incentive to recommend advisory services set forth in this Brochure instead of the brokerage services of the broker-dealer they are affiliated with.

Finally, if you elect to utilize the advisory services described in this Brochure, your financial advisor may agree to charge a fee less than the maximum fee stated above. The amount of the fee you pay is a factor we use in calculating the compensation we pay your financial advisor. Therefore, your financial advisors may have a financial incentive not to reduce fees.

#### ***Other Compensation***

When providing financial planning or consulting services, your advisory representative may recommend that you purchase certain securities or insurance products. If this occurs, your advisory representative is doing so as a registered representative of a broker-dealer or as a licensed



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insurance agent. The advisory representative will receive compensation in the form of commissions if you act on these recommendations. You are never under any obligation to purchase products or services recommended by us. You always have the option of purchasing them through other brokers or agents who are not affiliated with us.

## **Item 15 – Custody**

### ***Custody Overview***

#### ***General***

Adaptation Financial does not maintain physical custody of client assets. Rather, all client cash and securities that are managed by us are held by the Custodians.

#### ***Custody Rule***

The Custody Rule provides that it is a fraudulent, deceptive or manipulative act, practice or course of business within the meaning of Section 206(4) of the Advisers Act for an investment adviser that is registered or required to be registered under the Advisers Act to have custody of client funds or securities unless they are maintained in accordance with the requirements of the rule. In this regard, where an investment adviser has custody of client funds or securities, it must obtain a surprise examination of client assets by an independent public accountant registered with the Public Company Accounting Oversight Board.

#### ***Invoicing***

Adaptation Financial is deemed to have custody of the funds and securities as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee. However, a surprise examination is not required because Adaptation Financial has written authorization from each client to deduct advisory fees from the account held with the qualified custodian and each time a fee is directly deducted from a client account: (i) we send the Custodian an invoice or statement of the amount of the fee to be deducted from the client's account; (ii) the Custodian provides the client with a statement reflecting the fee; and (iii) we provide written documentation reasonably supporting the determination of the investment advisor fees upon request.

## **Item 16 – Investment Discretion**

### ***Discretionary Management***

#### ***Documentation of Discretion***

Discretionary authority is provided in our contract with each client. Additionally, we maintain a Limited Power of Attorney for all our discretionary accounts for the purpose of directing and or effecting investments, for the direct payment of fees and or the payment of commissions, custodial fees and or other charges incurred by the managed account.

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### ***Discretionary Management***

In all cases, however, such our discretion is to be exercised in a manner consistent with the stated investment objectives for the particular account. Thus, when selecting securities and determining amounts, we observe the investment policies, limitations, and restrictions of the clients for which it advises. Additionally, in many cases, the discretion is subject to mutually agreed upon investment guidelines relative to the client's portfolio. Investment guidelines and restrictions must be provided to Adaptation Financial in writing.

### ***Non-discretionary Management***

With respect to our non-discretionary services, the client makes the ultimate decision regarding the clients' portfolio investment holdings, including the purchase and or sale of those investments.

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

As a matter of our policy and practice, Adaptation Financial 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.

## **Item 18 – Financial Information**

We are required to provide you with certain financial information or disclosures about financial condition which would impede our ability to provide the advisory services described herein. Adaptation Financial 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.

## **Item 19 – Requirements for State-Registered Advisers**

This Item 19 is not applicable to investment advisers registered with the SEC.

## **Item 20 – Other Information**

### ***Privacy Notice to Customers***

At Adaptation Financial, we do not disclose nonpublic personal information about our individual clients or former clients except as permitted by law. We restrict access to nonpublic personal information about you (that we may obtain from your account and your transactions) to those employees who need to know that information to provide products or services to you or to alert you to new, enhanced or improved products or services we provide. We maintain physical, electronic, and procedural safeguards that comply with federal standards to safeguard your nonpublic personal information.

### ***Business Continuity Plan***

Adaptation Financial has developed a Business Continuity Plan to address how we will respond to events that may disrupt its business. Since timing and impact of disasters is unpredictable, we will

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have to be flexible in responding to the events as they occur. This plan is designed to permit us to resume operations as quickly as possible, given the scope and severity of the significant business disruption. The Business Continuity Plan covers data backup and recovery, mission critical systems financial and operational assessments, alternative communications, alternate business locations, bank and counter-party impact, regulatory reporting, and the assurance of prompt access to funds and securities for our customers.

Varying Disruptions – Significant business disruptions can vary in their scope, such as emergencies affecting only a single building housing Adaptation Financial, the business district where we are located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only us or a building housing us, we will transfer our operations to an emergency-ready local site, moving a select group of trained employees and expecting to recover and resume business within four hours. In a disruption affecting our business district, city, or region, we will move appropriate staff to a site outside of the affected area to be able to communicate with TD Ameritrade, Fidelity, or Cambridge on behalf of our clients. In either situation, we plan to continue in business, transferring operations to our clearing firm, if necessary.

If you have questions about our Business Continuity Plan, please feel free to contact us.