



## **ALTIUS FINANCIAL, LLC**

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## **PART 2A – FIRM BROCHURE**

**MARCH 3, 2022, 2**

This brochure provides information about the qualifications and business practices of ALTIUS Financial, LLC ("ALTIUS Financial"). If you have any questions about the contents of this brochure, please contact us at 425-361-0707. 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. ALTIUS Financial is a Registered Investment Adviser. Registration as an Investment Adviser with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about ALTIUS Financial, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as an IARD number. The IARD number for ALTIUS Financial is IARD# 113268.

## ITEM 2 – MATERIAL CHANGES

### SUMMARY OF MATERIAL CHANGES

The following material changes have been made to our business since our last annual filing on March 30, 2021.

Item 4 – Advisory business. Taylor McGowen became a minority owner. Added further disclosure on held away accounts and a disclosure regarding rollover recommendations.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact Michael Williams at (303) 584-9271 or [michael@altiusfinancial.com](mailto:michael@altiusfinancial.com).

We encourage you to read this document in its entirety.

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## ITEM 4 – ADVISORY BUSINESS

This Disclosure document is being offered to you by ALTIUS Financial LLC (“ALTIUS Financial” or “Firm”) about the investment advisory services we provide. It discloses information about our services and the way those services are made available to you, the client.

We are an investment management firm located in Denver, Colorado. We specialize in financial Planning and investment advisory services for investors. The firm was established in 1999 by Michael Williams, the firm’s principal owner.

We are committed to helping clients build, manage and preserve their wealth. Our Firm provides services that help clients to achieve their stated financial goals. We will offer an initial complimentary meeting upon our discretion; however, investment advisory services are initiated only after you and ALTIUS Financial execute an Investment Management Agreement.

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### INVESTMENT MANAGEMENT AND SUPERVISION SERVICES

We offer discretionary investment management and investment supervisory services for a fee based on a percentage of your assets under management. These services include investment analysis, allocation of investments, quarterly portfolio statements and ongoing monitoring services for the portfolio.

ALTIUS determines your portfolio composition based on your needs, portfolio restrictions, if any, and financial goals and risk tolerances. We will work with you to obtain necessary information regarding your financial condition, investment objectives, liquidity requirements, risk tolerance, time horizons, and any restrictions on investing. This enables us to determine the portfolio best suited for your investment objective and needs.

In performing our services, we shall not be required to verify any information received from you or from other professionals. If you request, we may recommend and/or engage the services of other professionals for implementation purposes. You are under no obligation to engage the services of any such recommended professional.

Once we have determined the types of investments to be included in your portfolio, and allocated them, we will provide ongoing portfolio reviews and management services. This approach requires us to review your portfolio at least quarterly.

We will rebalance the portfolio, as we deem appropriate, to meet your financial objectives. We will trade these portfolios and rebalance them on a discretionary basis.

Our advisory services are tailored to meet your individual needs. You will have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

In all cases, you have a direct and beneficial interest in your securities, rather than an undivided interest in a pool of securities. We do not and will not have custody of your funds or securities, except for the limited access to deduct only investment advisory fees via the qualified custodian and only with the appropriate authorization from you.

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

#### Participant Account Management (Discretionary)

We use a third-party platform to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, Adviser will review the current account allocations. When deemed necessary, Adviser will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly and allocation changes will be made as deemed necessary.

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## FINANCIAL PLANNING

Through the financial planning process, our team strives to engage our clients in conversations around the family's goals, objectives, priorities, vision, and legacy – both for the near term as well as for future generations. With the unique goals and circumstances of each family in mind, our team will offer financial planning ideas and strategies to address the client's holistic financial picture, including estate, income tax, charitable, cash flow, wealth transfer, and family legacy objectives. Our team partners with our client's other advisors (CPAs, Enrolled Agents, Estate Attorneys, Insurance Brokers, etc.) to ensure a coordinated effort of all parties toward the client's stated goals. Such services include various reports on specific goals and objectives or general investment and/or planning recommendations, guidance to outside assets, and periodic updates.

Our specific services in preparing your plan may include:

- Review and clarification of your financial goals
- Assessment of your overall financial position including cash flow, balance sheet, investment strategy, risk management, and estate planning
- Creation of a unique plan for each goal you have, including personal and business real estate, education, retirement or financial independence, charitable giving, estate planning, business succession, and other personal goals
- Development of a goal-oriented investment plan, with input from various advisors to our clients around tax suggestions, asset allocation, expenses, risk, and liquidity factors for each goal. This includes IRA and qualified plans, taxable, and trust accounts that require special attention
- Design of a risk management plan including risk tolerance, risk avoidance, mitigation, and transfer, including liquidity as well as various insurance and possible company benefits; and
- Crafting and implementation of, in conjunction with your estate and/or corporate attorneys as tax advisor, an estate plan to provide for you and/or your heirs in the event of an incapacity or death.

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**DISCLOSURE REGARDING ROLLOVER RECOMMENDATIONS**

A client or prospect leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) rollover to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). Our Firm may recommend an investor roll over plan assets to an IRA for which our Firm provides investment advisory services. As a result, our Firm and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave their plan assets with their previous employer or roll over the assets to a plan sponsored by a new employer will generally result in no compensation to our Firm. Our Firm therefore has an economic incentive to encourage a client to roll plan assets into an IRA that our Firm will manage, which presents a conflict of interest. To mitigate the conflict of interest, there are various factors that our Firm will consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus those of our Firm, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. All rollover recommendations are reviewed by our Firm's Chief Compliance Officer and remains available to address any questions that a client or prospective client has regarding the oversight.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

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**INVESTMENT CONSULTING SERVICES**

We may also provide non-discretionary portfolio review services to client assets that are not part of our discretionary and non-discretionary investment advisory services. Our portfolio review service is limited to a periodic review of information pertaining to the certain assets as provided to us by you as the client, to other investment professionals, and/or account custodians and does not include our investment advisory services.

We also provide clients investment advice on a more limited basis on one or more isolated areas of concern such as estate planning, real estate, retirement planning, or any other specific topic. Additionally, the Firm may provide advice on non-securities matters in connection with the rendering of estate planning, insurance, real estate, and/or annuity advice.

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**WRAP FEE PROGRAMS**

We do not place any client assets into a Wrap Fee Program.

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**ASSETS**

As of December 31, 2021, we managed \$131,577,506 in client assets on a discretionary basis. We have no managed assets on a non-discretionary basis. The firm advises on another \$72,256,000 in assets.

## ITEM 5 - FEES AND COMPENSATION

### INVESTMENT MANAGEMENT FEES AND COMPENSATION

ALTIUS charges a fee as compensation for providing Investment Management services on your account. These services include advisory and consulting services, trade entry, investment supervision, and other account maintenance activities. We do not charge fees for completing transactions within your account. However, the custodian may charge custodial fees, transaction costs, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below.

The fees for accounts are usually based on an annual percentage of assets under management. In limited cases and at our discretion, ALTIUS may charge a flat fee instead of a percentage of assets under management. The fees are generally applied to the account asset value on a pro-rated basis, billed quarterly in advance. The initial fee will be based upon the date the account is accepted for management by execution of the investment advisory contract by the Firm and the assets are transferred, through the last day of the current calendar quarter.

Thereafter, the fee will be based on the market value of the account on the last day of the previous calendar quarter and will cover the period from the first day of the calendar quarter through the last day of the calendar quarter. Fees are assessed on all assets under management, including securities, cash and money market balances.

Our investment advisory fees range from .5% to 2.0% annually. The specific advisory fees are set forth in your Investment Advisory Agreement. In certain circumstances, our fees and the timing of the fees may be negotiated. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client.

Advanced billing is done on a quarterly basis and is the primary way fees are assessed in advisory accounts.

In our discretion, we may add (aggregate) asset amounts in accounts from your same household together to determine the advisory fee for all your accounts. We may do this, for example, where we also service accounts on behalf of your minor children, individual and joint accounts for a spouse, and/or other types of related and family accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could potentially cause your account(s) to be assessed a reduced advisory fee based on the asset levels available in our fee schedule.

You may provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. Further, the qualified custodian agrees to deliver an account statement at least quarterly directly to you indicating all the amounts deducted from the account including our advisory fees. You are encouraged to review your account statements for accuracy. We will have access to your custodian's statement that was delivered to you.

In limited circumstances, we may bill you directly for our management fee. In this case, the payment is due upon receipt of the invoice.

Either ALTIUS or you may terminate the management agreement, upon 30 day written notice to the other party. The management fee will be pro-rated to the date of termination, for the quarter in which the cancellation notice was given, and any unearned fees will be refunded to you.

Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client's death or disability, ALTIUS Financial will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party.

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**FINANCIAL PLANNING FEES**

Your fee for the designated financial advisory services will be determined in one of the following ways:

**Fixed Fee:** Under a fixed fee arrangement, any fee will be agreed upon by you and your advisor in advance of services being performed. The fee will be determined based on factors including the complexity of your financial situation, agreed upon deliverables, and whether or not you intend to implement any recommendations through your financial advisor. When ALTIUS is chosen to implement your plan, we may at our discretion waive or reduce a portion of our financial planning fees.

The type of fee and -- in the case of a fixed fee -- the amount must be agreed to by you and ALTIUS prior to the signing of the financial planning agreement. A portion of the fee is payable upon signing the agreement. We will complete work within six months of the date your fee is paid, in cases where you pay in advance. If the work is not completed in such a time, we will refund your fee on a pro-rated basis. Fixed fees shall not exceed \$10,000.

**Hourly Rate:** Under an hourly rate agreement, we will provide consulting, analysis, and any deliverables agreed upon and our fees will be based on the amount of time we spend providing such services and deliverables. This includes time spent meeting with you, time we spend researching and analyzing the agreed upon issues, as well as time we spend documenting or communicating with you about those issues. This includes Investment Advisor Representative time, in addition to Paraplanner and Administrative Support staff time.

Our Hourly Rates are as follows:

Investment Advisor - \$350/hour  
Junior Investment Advisor - \$250.00/hour  
Paraplanner - \$125/hour  
Administrative Support - \$85/hour

In no case are our fees based on, or related to, the performance of your funds or investments.

We will not require prepayment of more than \$1,200 in fees per client, six (6) or more months in advance of providing any services.

You may terminate the financial planning agreement by providing us with written notice. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to you.

When both investment management or plan implementation and financial planning services are offered, there is a potential conflict of interest since there is an incentive for the party offering financial planning services to recommend products or services for which ALTIUS, or a related party, may receive compensation. However, as a financial planning client, you are under no obligation to act upon any of our recommendations or effect the transaction(s) through us if you decide to follow the recommendations.



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## **INVESTMENT CONSULTING**

Your fee for general consulting services will be determined in one of the following ways:

**Fixed Fee:** Under a fixed fee arrangement, any fee will be agreed upon by you and your advisor in advance of services being performed. The fee will be determined based on factors of the consulting project and fully detailed in our agreement. A portion of the fee is payable upon signing the agreement. We will complete work within six months of the date your fee is paid, in cases where you pay in advance. If the work is not completed in such a time, we will refund your fee on a pro-rated basis. The fixed fee shall not exceed \$10,000.

**Hourly Rate:** Under an hourly rate agreement, your total cost for consulting services will be based on the amount of time your advisor and our staff spend working with you on your specific project. See Hourly rate schedule above. You will be billed as services are rendered.

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## **ADMINISTRATIVE SERVICES PROVIDED BY ADVYZON**

We have contracted with Advyzon to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, client database maintenance, quarterly performance evaluations, payable reports, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Advyzon will have access to client information, but Advyzon will not serve as an investment adviser to our clients. ALTIUS and Advyzon are non-affiliated companies. Advyzon charges our Firm an annual fee for each account administered by Advyzon. Please note that the fee charged to the client will not increase due to the annual fee ALTIUS pays to Advyzon, the annual fee is paid from the portion of the management fee retained by our Firm.

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## **ADDITIONAL FEES AND EXPENSES:**

In addition to the advisory fees paid to our Firm, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges include custodial fees, charges imposed by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), 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. Our brokerage practices are described at length in Item 12, below.

### *Non-Transaction Fee (NTF) Mutual Funds*

When selecting investments for our clients’ portfolios we might choose mutual funds on your account custodian’s Non-Transaction Fee (NTF) list. This means that your account custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund.

The mutual fund companies that choose to participate in your custodian’s NTF fund program pay a fee to be included in the NTF program. The fee that a mutual fund company pays to participate in the program is ultimately borne by the owners of the mutual fund including clients of our Firm. When we decide whether to choose a fund from your custodian’s NTF list or not, we consider our expected holding period of the fund, the position size and the expense ratio of the fund versus alternative funds. Depending on our analysis and future events, NTF funds might not always be in your best interest.

## ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees), nor engage side by side management.

## ITEM 7 - TYPES OF CLIENTS

We provide investment advice to individuals, small businesses and charitable/non-profit institutions. Our clients are generally characterized by being busy and valuing a collaborative professional relationship. They want to delegate the day to day oversight of their investment portfolio to a trusted adviser. A minimum of \$500,000 is required to open and maintain an account. We may waive account minimums, based on particular circumstances at our sole discretion.

## ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

#### Overview/ Our process

**The Empowered Future Program™** provides structures and resources to empower your retirement and maximize your enjoyment of the future:

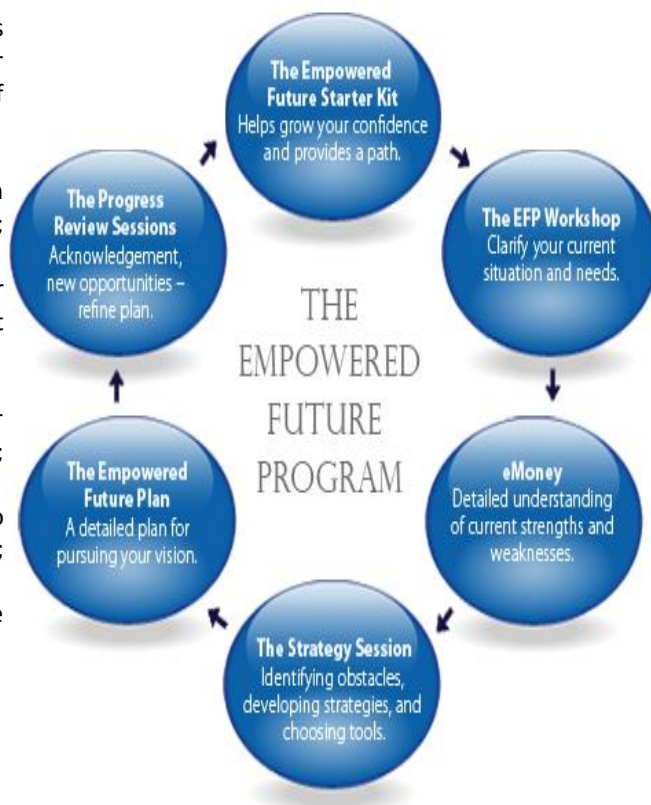
Have a clear vision for the future and a plan designed to help you achieve your vision;

Have organized and integrated your investments, and balanced your asset allocation;

Be taking the appropriate amount of risk for achieving your goals;

Be more aware of all your options and able to make confident decisions;

Be more engaged in life, and your life will be more challenging and purposeful.



## **Philosophy**

At ALTIUS Financial, we have a strongly held set of beliefs and values that guide our business: from the advice we provide, to how we treat people, to how we build financial plans.

First, we believe that financial planning for retirement security is important work because almost every money decision that our clients make can have an impact on the quality of their lives. So, we start with a full understanding of your goals and priorities. Learning from history – either on a personal basis with the context of our client’s individual situation, or from that of the economy and markets is crucial to our Empowered Future Program.

Second, we use an objective approach. This does not mean ignoring emotions but using them properly – to tell us to investigate further or help us celebrate success. We help our clients make informed, fact-based decisions with their planning.

Third, we take our own advice – we use goal setting and planning tools for ALTIUS and in our personal lives and we own substantially similar portfolios to that of our clients (depending on risk tolerance and stage of life).

Lastly, we are in this for the long-term. We have decades of combined experience in this industry and know, first-hand, the power of long-term planning. Our culture has made it so appealing to act impulsively and to think there are shortcuts, but we know the most effective approach to building or preserving anything of value, especially financial security, is to learn and implement timeless principles.

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

The method of security and market analysis we utilize is both fundamental and technical, though we put much greater emphasis on fundamental valuation. Technical analysis can be useful in determining the overall trends and popular sentiment but should never be substituted for the fundamental facts about a particular investment. We gather our information for investment purposes from financial newspapers, publications, research prepared by others, corporate rating services, company press releases, annual reports, prospectuses and filings with the Securities and Exchange Commission.

We have the following set of strongly held convictions that drive our investment philosophy:

- Because equities (common stocks) represent ownership in the most important, innovative and effective wealth creating entities created, namely profit generating businesses, we believe that all long-term investors should have significant exposure to them. The ultimate source of wealth is the creative, productive human mind and companies whose purpose is set to make a profit by providing products and services that serve human needs and wants are the first place to look for long term value. However, there is no guarantee that any particular business will be profitable, and in fact many publicly traded companies fail and lose money. Therefore, great care must be taken in the selection of which common stocks to allocate capital toward.
- We also believe in active management. There is a vigorous and ongoing debate (in academia and the investment industry) as to whether individuals should engage professionals to actively seek higher than average returns or simply try to reduce their costs and employ a passive approach with indexes. In our view, passive investment is a misnomer, as one always must make allocation selections (or hire someone who will) and those selections will necessarily be driven by some timing and relative value considerations. Also, while we acknowledge the data points offered from the passive side of this debate (general long-term efficiency of markets), we also bear witness to irrational behavior on the part of markets or segments of the market and our approach is generally

to use active management both with our own individual equity selections or in the mutual funds we use to capitalize on valuation discrepancies and relative risk profiles.

- The above statements are tempered by the fact that we are not omniscient and so we employ a range of asset classes to compliment and diversify equity-based portfolios.

We determine how to allocate assets among various asset classes based on the investment strategy chosen, prevailing economic conditions and our determination of where we are in the economic cycle. Potential risks and opportunities are weighed to determine to what degree the portfolio should be invested net long<sup>[1]</sup>, short<sup>[2]</sup> or neutral.

Once asset allocations are determined for the general asset classes, we then further refine the investment selection by determining where to place emphasis in the portfolio and what to under-emphasize or to avoid. For equities, this involves the determination of how to allocate funds to U.S. vs. foreign stocks, growth style vs. value style and how much to allocate to the various stock capitalizations (i.e. large, midsized, and small companies). For bonds, determination must be made as to the allocation to U.S. vs. foreign, long-term vs. short-term, investment grade vs. high yield, traditional bonds vs. inflation adjusted and taxable vs. tax-free.

For commodities, determination is made as to whether to be long, short or to employ trend-following strategies as well as to determine whether exposure should be sought through commodity stocks or instead through indices that represent the actual commodities. We do not currently invest in commodity contracts directly.

From time-to-time, market conditions may cause your account to vary from the established allocation. We fully expect this, and our clients should too. To remain consistent with the asset allocation guidelines established, your account is monitored on an ongoing basis and rebalanced at least annually to the original allocation, or if deemed beneficial, to a new allocation based on the then prevailing economic conditions and within the guidelines of the chosen investment strategy.

Under unusual or extreme market conditions, we may move your account to a more defensive or aggressive posture than the normal strategy allocation, including the possibility of moving to all cash or cash equivalents.

In addition to rebalancing, overall market conditions and microeconomic factors that affect specific holdings in your account may trigger changes in allocation. Such changes would remain within the bounds set by you for each asset type. Your account may also receive informal reviews more frequently.

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<sup>[1]</sup> To be “long” means to be invested in the traditional sense. When one buys a stock, they are said to be “long” that stock. To be positioned net long means to be invested in such a way that the overall portfolio seeks to benefit from increases in asset values.

<sup>[2]</sup> To be “short” means to borrow a stock, fund or other asset and immediately sell it. The intention is to buy it back later at a lower price, then return the asset to the source from which it was borrowed, keeping the profit. Shorting is a way to benefit from expected falling asset prices. To be positioned net short means to be invested in such a way that the overall portfolio seeks to benefit from declines in asset values. Normally, short selling involves the potential for unlimited loss. However, because our short positions are only established through mutual funds or ETF’s that hold short positions and not through direct short sales, there is not the risk of unlimited loss. Normally, our short positions represent only a small percentage of the overall portfolios.

### **Mutual Fund Share Class Policy**

We may include mutual funds and exchange traded funds, (“ETFs”) in our investment strategies. Our policy is to purchase institutional share classes of those mutual funds selected for the client’s portfolio. The institutional share class generally has the lowest expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for funds expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund and one share class may have a lower expense ratio than another share class. These expenses come from client assets which could impact the client’s account performance. Mutual fund expense ratios are in addition to our fee, and we do not receive any portion of these charges. If an institutional share class is not available for the mutual fund selected, the adviser will purchase the least expensive share class available for the mutual fund. As share classes with lower expense ratios become available, we may use them in the client’s portfolio, and/or convert the existing mutual fund position to the lower cost share class. Clients who transfer mutual funds into their accounts with us would bear the expense of any contingent or deferred sales loads incurred upon selling the product. If a mutual fund has a frequent trading policy, the policy can limit a client’s transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting). All mutual fund expenses and fees are disclosed in the respective mutual fund prospectus.

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### **RISK OF LOSS**

A client’s investment portfolio is affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic conditions, changes in laws and national and international political circumstances.

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. ALTIUS Financial will assist Clients in determining an appropriate strategy based on their tolerance for risk.

Each Client engagement will entail a review of the Client’s investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client’s account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client’s account(s). ALTIUS Financial shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform ALTIUS Financial of any changes in financial condition, goals or other factors that may affect this analysis.

Our methods rely on the assumption that the underlying companies within our security allocations are accurately reviewed by the rating agencies and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Investors should be aware that accounts are subject to the following risks:

**Stock Market Risk** – The value of securities in the portfolio will fluctuate and, as a result, the value may decline suddenly or over a sustained period of time.

**Managed Portfolio Risk** – The manager’s investment strategies or choice of specific securities may be unsuccessful and may cause the portfolio to incur losses.

**Industry Risk** – The portfolio’s investments could be concentrated within one industry or group of industries. Any factors detrimental to the performance of such industries will disproportionately impact on

your portfolio. Investments focused in a particular industry are subject to greater risk and are more greatly impacted by market volatility than less concentrated investments.

**Non-U.S. Securities Risk** – Non-U.S. securities are subject to the risks of foreign currency fluctuations, generally higher volatility and lower liquidity than U.S. securities, less developed securities markets and economic systems and political and economic instability.

**Emerging Markets Risk** – To the extent that your portfolio invests in issuers located in emerging markets, the risk may be heightened by political changes and changes in taxation or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

**Currency Risk** – The value of your portfolio's investments may fall as a result of changes in exchange rates.

**Interest Rate Risk.** The value of fixed income securities rises or falls based on the underlying interest rate environment. If rates rise, the value of most fixed income securities could go down.

**Credit Risk.** Most fixed income instruments are dependent on the underlying credit of the issuer. If we are wrong about the underlying financial strength of an issuer, we may purchase securities where the issuer is unable to meet its obligations. If this happens, your portfolio could sustain an unrealized or realized loss.

**Inflation Risk.** Most fixed income instruments will sustain losses if inflation increases or the market anticipates increases in inflation. If we enter a period of moderate or heavy inflation, the value of your fixed income securities could go down.

**Performance of Underlying Managers** — We select the mutual funds and ETFs in our portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.

**Exchange-Traded Funds** — Exchange Traded Fund (ETF) is the risk of an investment in an ETF, including the possible loss of principal. ETFs typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which may not correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs are also subject to secondary market trading risks. In addition, an ETF may not replicate exactly the performance of the index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held.

**Non-Liquid Alternative Investments** - From time to time, through our financial planning process, our Firm will recommend to certain qualifying clients that a portion of such clients' assets be invested in private funds, gold/silver and/or other alternative investments (collectively, "Nonliquid Alternative Investments"). Nonliquid Alternative Investments are not suitable for all our Firm's clients and are offered only to those qualifying clients for whom our Firm believes such an investment is suitable and in line with their overall investment strategy. Nonliquid Alternative Investments typically are available to only a limited number of sophisticated investors who meet the definition of "accredited investor" under Regulation D of the Securities Act of 1933, as amended (the "Securities Act"), or "qualified client" under the Investment Advisers Act of 1940, or "qualified purchaser" under the Investment Company Act of 1940. Nonliquid Alternative Investments present special risks for our Firm's clients, including without limitation, limited liquidity, higher fees and expenses, volatile performance, no assurance of investment returns, heightened risk of loss, limited transparency, additional reliance on underlying management of the investment, special tax considerations, subjective valuations, use of leverage and limited regulatory oversight. When a Nonliquid Alternative Investment invests part or all of its assets in real estate properties, there are additional risks that are unique to real estate investing, including but not limited to: limitations of the appraisal value; the borrower's financial conditions (if the underlying property has been obtained by a loan), including the risk of foreclosures on the property; neighborhood values; the supply of and demand for properties of like kind; and certain city, state and/or federal regulations. Additionally, real estate investing is also subject to possible loss due to uninsured losses from natural and man-made disasters. The above list is not exhaustive of all risks related to an investment in Nonliquid Alternative Investments. A more comprehensive discussion of the risks associated with a particular Nonliquid Investment is set forth in that fund's offering documents, which will be provided to each client subscribing to a Nonliquid Alternative

Investment, for review and consideration. It is important that each potential, qualified investor carefully read each offering or private placement memorandum prior to investing. ALTUIS will present the alternative opportunity but the due diligence is incumbent on the client and ALTUIS does not receive any compensation for the recommendation.

**Cybersecurity Risk** - In addition to the Material Risks listed above, investing involves various operational and “cybersecurity” risks. These risks include both intentional and unintentional events at our firm or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm’s ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients’ information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

## ITEM 9 - DISCIPLINARY INFORMATION

We do not have any legal, financial or other “disciplinary” item to report.

## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### OTHER BUSINESS ACTIVITIES

We offer financial and retirement planning services. These services are offered to clients with or without investment advice. We spend a portion of our time providing financial and retirement planning services without investment advice. We may provide insurance analysis and guidance. As a fee only advisory firm, we do not accept commissions. Should the need arise for insurance implementation, we will refer our clients to an insurance professional who may work on a commission basis. We will not share in these commissions in any way and will not receive any referral fees.

## ITEM 11 - CODE OF ETHICS

Our Firm and persons associated with us are allowed to invest for their own accounts, or to have a financial investment in the same securities or other investments that we recommend or acquire for your account, and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, and the prohibition against the use of inside information.

The Code of Ethics is designed to protect our clients to detect and deter misconduct, educate personnel regarding the Firm’s expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of ALTUIS Financial, safeguard against the violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the Firm’s ethical principles.

We have established the following restrictions in order to ensure our Firm's fiduciary responsibilities:

- A director, officer, or employee of ALTIUS Financial shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No supervised employee of ALTIUS Financial shall prefer his or her own interest to that of the advisory client. Trades for supervised employees are traded alongside client accounts.
- We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of ALTIUS Financial.
- We emphasize the unrestricted right of the client to decline implementation of any advice rendered, except in situations where we are granted discretionary authority of the client's account.
- We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- Any supervised employee not in observance of the above may be subject to termination.

None of our associated persons may affect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the Firm's procedures.

You may request a complete copy of our Code by contacting us at the address, telephone, or email on the cover page of this Part 2; ATTN: Chief Compliance Officer.

## ITEM 12 - BROKERAGE PRACTICES

We participate in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") Member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers services to independent investment advisors that include custody of securities, trade execution, clearance and settlement of transactions. Adviser receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to any other independent investment advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on



the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by our Firm or our related persons in and of itself creates a conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

In the event you request us to recommend a broker/dealer custodian for execution and/or custodial services, we generally recommend your account to be maintained at TD Ameritrade. We may recommend that you establish accounts with TD Ameritrade to maintain custody of your assets and to effect trades for your accounts. You are under no obligation to act upon any recommendations, and if you elect to act upon any recommendations, you are under no obligation to place the transactions through any broker/dealer we recommend. Our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions.

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#### **AGGREGATION AND ALLOCATION OF TRANSACTIONS**

We may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client Investment Advisory Agreement. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day.

We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully-disclosed separately to our existing clients (if any) and the broker/dealer(s) through which such transactions will be placed;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our Investment Advisory Agreement with you for which trades are being aggregated.
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
4. We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
6. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
7. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and

8. Individual advice and treatment will be accorded to each advisory client.

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**BROKERAGE FOR CLIENT REFERRALS**

Our Firm does not receive client referrals from any custodian or third party in exchange for using that broker-dealer or third party.

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**TRADE ERRORS**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the Custodian, the Custodian will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

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**DIRECTED BROKERAGE**

We do not routinely recommend, request or require that you direct us to execute transaction through a specified broker dealer. Additionally, we typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

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**ITEM 13 - REVIEW OF ACCOUNTS**

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**ACCOUNT REVIEWS AND REVIEWERS – INVESTMENT SUPERVISORY SERVICES**

The underlying securities within the investment supervisory services are regularly monitored. These reviews will be made by Michael J. Williams, Chief Investment Officer. An annual review is usually conducted in person or by telephone.

The purpose of all these reviews is to ensure that the investment plan continues to be implemented in a manner which matches your objectives and risk tolerances. More frequent reviews may be triggered by material changes in variables such as your individual circumstances, or the market, political or economic environment. You are urged to notify us of any changes in your personal circumstances.

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**STATEMENTS AND REPORTS**

The custodian for the individual client's account will provide clients with an account statement at least quarterly. Upon request, clients can receive ALTIUS Financial prepared written report detailing their current positions, asset allocation, and year-to-date performance. You are urged to compare the reports and invoices provided by our Firm against the account statements you receive directly from your account custodian.

Financial planning/Consulting clients will receive no regular reports from the Firm.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Our firm neither accepts nor pay fees for client referrals.

As disclosed under Item 12 Brokerage Practices, we participate in TD Ameritrade’s institutional customer program and we may recommend TD Ameritrade to you for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to any other independent Investment Advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our Firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by our Firm or our related persons in and of itself creates a conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

## ITEM 15 – CUSTODY

We do not have physical custody, as it applies to investment advisors. Custody has been defined by regulators as having access or control over client funds and/or securities.

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### DEDUCTION OF ADVISORY FEES

For all accounts, our Firm has the authority to have fees deducted directly from client accounts. Our Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client’s name. Clients, or an independent representative of the client, will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian’s name, address, and the way the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client’s independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from ALTIUS Financial. When you have questions about your account statements, you should contact ALTIUS Financial or the qualified custodian preparing the statement.

Please refer to Item 5 for more information about the deduction of advisor fees.

## ITEM 16 – INVESTMENT DISCRETION

For discretionary accounts, prior to engaging ALTIUS Financial to provide investment advisory services, you will enter a written Agreement with us granting the Firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, you will need to execute additional documents required by the Custodian to authorize and enable ALTIUS Financial, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell, or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any stocks, bonds or other securities or assets and (2) determine the amount of securities to be bought or sold, and (3) place orders with the custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the client.

The limitations on investment and brokerage discretion held by ALTIUS Financial for you are:

- For discretionary accounts, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold.
- Any limitations on this discretionary authority shall in writing as indicated on the investment advisory Agreement, Appendix B. You may change/amend these limitations as required.

In some instances, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer sponsored account.

## ITEM 17 – VOTING YOUR SECURITIES

ALTIUS accepts authority to vote proxies with respect to securities owned by clients.

We have adopted proxy voting policies and procedures with respect to securities owned by our clients for which we have been specifically delegated voting authority and discretion, in accordance with its fiduciary duties and Securities and Exchange Commission Rule 206(4)-6 under the Investment Advisers Act of 1940, which are reasonably designed to ensure that proxies are voted in the best interest of clients.

The guiding principle by which we vote on all matters submitted to security holders is the maximization of the ultimate economic value of your holdings. We do not permit voting decisions to be influenced in any matter that is contrary to, or dilutive of, this guiding principle. It is the policy to avoid situations where there is any material conflict of interest or perceived conflict of interest affecting the voting decisions. The Chief Investment Officer reviews and votes proxies. Any perceived conflict of interest is reviewed by the Chief Compliance Officer and the proxy voting committee.

It is the general policy that we vote on all matters presented to security holders in any Proxy, and these policies and procedures have been designed with that in mind. However, we reserve the right to abstain on any particular vote or otherwise withhold its vote on any matter if in the judgment of ALTIUS, the costs associated with voting such Proxy outweigh the benefits you, or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of you, in our judgment.

Clients delegate to ALTIUS the discretionary power to vote the securities held in their account pursuant to written agreement. ALTIUS does not generally accept any subsequent directions on matters presented to shareholders for a vote, regardless of whether such subsequent directions are from the client itself or a third party. We view the delegation of discretionary voting authority as an "all-or-nothing" choice for our clients.

Upon request, we will provide separately to each client (i) a copy of ALTIUS' proxy voting policies and procedures and (ii) details as to how the firm has voted securities in your account.

## **ITEM 18 – FINANCIAL INFORMATION**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.