



## SECURE INVESTMENT MANAGEMENT, LLC

### DISCLOSURE BROCHURE

FORM ADV PART 2A

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This brochure provides information about the qualifications and business practices of Secure Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at (888) 802-0427. 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. Secure Investment Management is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about Secure Investment Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or by state securities authorities.

## Item 2: Material Changes

Since the last annual amendment filing on September 8, 2021, the following changes have been made:

- Item 4: Removal of reference to the SIM Funds. Funds were liquidated on February 28, 2022; updated assets under management; added Financial Planning to Advisory Services; clarified the relationship with DFA Funds
- Item 5: Clarified fee billing on Separately Managed Accounts
- Item 8: Added descriptions of the model portfolios on Separately Managed Accounts

Our brochure may be requested, at no cost, by contacting Janice Powell, Chief Compliance Officer, at (888) 802-0427, or via e-mail at [jpowell@secureinvestmentmanagement.com](mailto:jpowell@secureinvestmentmanagement.com).

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## Item 4: Advisory Business

Secure Investment Management, LLC (“SIM” or the “Firm”) is a limited liability company formed in 2012 in the State of Arizona. Prior to reorganizing as SIM, Secure Investment Management operated under the name Joshua David Mellberg, LLC since its inception as a registered investment adviser in August, 2006. SIM is owned by Joshua D. Mellberg.

SIM offers a variety of investment advisory services, consulting, and investment management services, to individuals, business entities, trusts, and estates. SIM provides investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client’s investment objective(s). Thereafter, SIM shall allocate or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client can impose reasonable restrictions on SIM’s services at any time.

### **Dimensional Fund Advisors**

SIM is a Dimensional Fund Advisors (“DFA”) approved investment advisor enabling it to offer DFA’s institutional class, open ended, no-load mutual funds to Clients. DFA was founded in 1981 as an institutional fund manager and since the early 1990’s has been allowing selected advisors (approved by DFA through a screening and training process) to use their funds in client portfolios without the usual \$20 million institutional investment. DFA authorized advisors must be fee based and adhere to a long-term, disciplined investment approach. SIM receives no financial compensation from DFA. SIM advisors do receive occasional, on-going training and practice management support from DFA associated with the proper use of DFA Funds in client portfolios. SIM does not believe this support materially affects the objectivity of its investment recommendations and remains free to offer non-DFA investment vehicles to Clients whenever deemed appropriate. SIM does not receive any compensation from DFA for using their funds.

### **Amount of Client Assets Managed**

As of February 28, 2022, the following represents the amount of Client assets under management by SIM on a discretionary and non-discretionary basis:

Type of Account	Assets Under Management (“AUM”)
Discretionary	\$ 36,717,410
Non-Discretionary	\$ 0
Total:	\$ 36,717,410

As a registered investment adviser subject to Section 206 of the Advisers Act, SIM acts as a fiduciary related to the conduct of its investment advisory services. As such, SIM has an obligation to act in the best interest of its clients, guided by the core fiduciary duties of loyalty and care.

## **Investment Advisory Services**

The client can engage SIM to provide discretionary or non-discretionary investment advisory services on a non-wrap fee basis.

SIM manages the investment accounts of its clients in accordance with the objectives established by each client, by developing an investment policy statement (“IPS”) or an asset allocation plan. SIM will direct at its sole discretion, the investment and reinvestment of the assets in client accounts. Clients can place reasonable restrictions on assets or investments and will be documented in the IPS. The firm’s philosophy centers on long-term investing and the use of the analysis of past performance of various asset classes to build diversified, low cost, passive, and active portfolios. Investment portfolios will be tailored to the individual needs and desires of each client. SIM currently creates portfolios for separately managed accounts utilizing open-end mutual funds created and managed by Dimensional Fund Advisors (“DFA”) (the “SAM Accounts”). The DFA funds are low-cost, no-load, institutional asset-class funds. DFA is only available to institutional investors or through approved investment advisers.

### **Transferring to the SIM Asset Management Platform from the SIM Fund Platform**

SIM Clients that executed an Investment Advisory Agreement prior to February 28, 2022 must execute a new Client Agreement to invest in SAM Accounts. In addition to updating the Clients’ Investment Objective, the new client Investment Advisory Agreement discloses conflicts of interest as well as the advisory fee to be charged on the SAM account.

## **REITs and Real Estate Partnerships**

SIM provides advice regarding legacy real estate investment trusts (REITs) and real estate partnerships which are no longer available to current clients. Some of the REITS that are the subject of SIM’s advisory services are not publicly traded. In other words, the lack of an active secondary market for the sale of such REITs can limit a client’s ability to dispose of such investments in a timely manner and/or at an advantageous price. Consequently, a client should exercise caution to avoid over-concentration of their assets in these illiquid investments.

It is likely the price of a REIT listed on your account statement provided by a custodian only reflects the original purchase price and does not reflect any price or value from a secondary market, a repurchase offered by the sponsor or the book value. It is possible that the actual value of the REIT on a secondary market or through a repurchase by a sponsor is significantly higher or lower than the original purchase price shown on the account statement provided by the custodian.

To the extent that an alternative investment such as a non-traded REIT is included in your portfolio, the alternative investment is subject to an asset management fee by SIM, which will be based upon the current valuation set by the product sponsor, as reflected on the custodian’s account statement. Since certain alternative investments, such as non-traded REITs, are illiquid, the value is not easily or readily ascertainable or reported. As a result, we believe the value shown on the account statement provided by the custodian is the most reliable method for determining the present value of the investment. Currently, SIM does not charge advisory fees for these legacy real estate investments.

## **Financial Planning Services**

Financial planning is an evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Financial planning services are provided pursuant to a written agreement between SIM and the client, and such services include:

- Net Worth and Financial Profile Analysis;
- Cash Flow Projections;
- Income Tax Review;
- Education Funding;
- Life Insurance Analysis;
- Estate Planning Review; and
- Retirement Planning.

We gather required information through in-depth personal interviews. Information gathered includes, among other things, the client's current financial status, tax status, future goals, return objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement financial planning recommendations provided by SIM, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or financial consultant. Implementation of financial planning recommendations is entirely at the client's discretion.

Financial planning recommendations made by SIM are not limited to any specific product or service offered by any particular broker-dealer or insurance company.

## **IRA Rollovers**

The Firm provides, as part of its investment advisory services, recommendations for clients to withdraw the assets from an employer's retirement plan (e.g., 401(k)/403b/457 plans) and roll the assets over to an individual retirement account ("IRA") that the Firm will manage for a fee. This is deemed a conflict of interest.

## **Compliance with Prohibited Transaction Exemption PTE 2020-02**

In December 2020, the DOL adopted a new exemption under ERISA ("PTE 2020-02"), which specifically covers three activities prohibited under Section 406(a). These activities are self-dealing, receiving compensation from third parties in connection with any transactions involving an ERISA plan, and principal transaction activity.

PTE 2020-02 can be relied upon by, among others, SEC registered investment advisers and their investment professionals that are deemed investment advice fiduciaries, so long as all the exemption's requirements are met, as applicable. There are five main components to PTE 2020-02, which are designed to safeguard against the conflicts of interest that apply to the prohibited activities covered by the exemption. These include:

- Adhering to specific Impartial Conduct Standards
- Providing specific disclosure to each ERISA Plan client
- Maintaining applicable written policies and procedures
- Performing and documenting a retrospective review
- Having a senior officer make certain written certifications.

SIM is deemed to be an investment advice fiduciary. At all times, the Firm will act in the client's best interest in making any recommendations related to assets covered by ERISA. SIM will comply with all applicable rules in order to maintain this exemption.

### **Miscellaneous Advisory Services Disclosure**

If requested by the client, SIM can recommend the services of other professionals for certain implementation purposes (i.e., attorneys, accountants, insurance, etc.), including certain of SIM'S investment adviser representatives in their separate registered or licensed capacities as discussed in **Item 10 Other Financial Industry Activities and Affiliations**. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from SIM.

### **Client Obligations**

In performing its services SIM shall not be required to verify any information received from the client, or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify SIM if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, and revising SIM's previous recommendations or services.

## **Item 5: Fees and Compensation**

The client can engage SIM to provide discretionary or non-discretionary investment advisory services on an annual fee basis. The fee is based upon the level and scope of the overall investment advisory services to be rendered, which is based upon various objective and subjective factors. These factors include, but are not limited to, the amount of the assets placed under SIM's management, the level and scope of services to be rendered, and the complexity of the engagement. Lower fees for comparable services may be available from other sources. SIM has the authority to negotiate fees as outlined in the Investment Advisory Agreement.

### **Advisory Services**

Investment management fees are based on a percentage of total assets managed. Unless otherwise noted, for services provided pursuant to Investment Advisory Agreement, SIM's annual advisory fee is 1.5%. The quarterly advisory fee is calculated by multiplying the annual fee, divided by four, with the client's assets under management ("AUM") with SIM.

The Firm assesses its Investment Management Fee quarterly, which is billed in arrears, based on the account value as of the close of business on the last business day of the preceding calendar quarter as valued by the qualified custodian. Fees for the investment management services provided by SIM, are calculated and charged beginning on the first trade date in the account. The fee will be calculated and deducted from the client's account each calendar quarter following the billing date as stated in the client's Investment Advisory Agreement ("IAA"). The client may instead pay fees from another account by completing and submitting written instructions to SIM. Fees are charged on an asset allocation to cash; however, SIM will not charge fees on uninvested cash balances (e.g., core cash position). SIM does not charge fees on margin balances.

**Note:** For legacy clients who have entered SIM Investment Advisory Agreements on or before February 28, 2022, the fee structure under which SIM renders its Services ranges from 0.50% to 2.00%, which is calculated by multiplying the annual advisory fee with the Client's assets under management ("AUM") with SIM.

Clients engaged on or after 03/01/2022 are charged a flat fee of no greater than 1.50%.

### **Financial Planning Services**

Financial Planning Services are charged in advance through an hourly fee arrangement, unless mutually agreed upon to be conducted on a complimentary basis between the IAR and client. Fees for financial planning are charged hourly at \$250 per hour, with a minimum charge of \$1,250 or a 5-hour minimum. SIM will make recommendations designed to meet the client's objectives; however, clients are not required to implement any recommendations made in the plan with a SIM representative. Clients should be aware that a conflict exists when implementing recommendations made through financial planning if they choose to implement with one of our representatives.

Should a client elect to implement the recommendations contained in their financial plan, the client will also be subject to fees, expenses, brokerage, and transaction costs as further described in Item 5. Please also refer to **Items 5 and 12** for more information on fees clients are responsible for and SIM's brokerage practices.

### **Fee Discretion**

SIM may charge a lesser fee based upon certain criteria: future earning capacity; anticipated future additional assets; dollar amount of assets to be managed; related accounts; account composition; pre-existing/legacy client relationship; employer-employee relationship; account retention; or pro bono activities.

### **Direct Fee Deduction**

Clients can elect to have SIM's advisory fees deducted from their custodial account. Both SIM's Investment Advisory Agreement and the custodial/clearing agreement authorize the custodian to debit the account for SIM's investment advisory fee and to directly remit that management fee to SIM in compliance with regulatory procedures. In the limited event that SIM bills the client directly, payment is due upon receipt of SIM's invoice.

## **Additional Fees and Expenses**

Clients should understand that the fees described above do not include certain charges imposed by third parties such as custodial fees and charges imposed directly by a mutual fund for fees or expenses. Client assets can also be subject to transaction costs, retirement plan administration fees (if applicable), deferred sales charges on mutual funds initially deposited in the account, 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Client assets invested in mutual funds will be subject to certain fees and expenses imposed directly by mutual funds to their shareholders, which shall be described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the sponsor also imposes sales charges, a client can pay an initial or deferred sale or surrender charge, though SIM, as a policy, utilizes only no-load funds.

Such charges and fees incurred generally will be paid out of the assets in the account and are exclusive of and in addition to the fees charged by SIM. Clients should carefully review the fees assessed to fully understand the total amount of fees to be paid by the Client and to thereby evaluate the services being provided.

The Firm's brokerage practices are described at length in **Item 12** below.

The Investment Advisory Agreement between SIM and the client will continue in effect until terminated by either party by providing a written 30-day notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, SIM shall refund the pro-rated portion of any advanced advisory fee paid based upon the number of months remaining in the quarterly billing cycle. Likewise, prorated fees that are paid in arrears are due upon termination.

SIM does not receive any revenue from advisory clients as a result of commissions or other compensation for the sale of investment products by SIM representatives in their individual capacity as registered representatives of a broker dealer.

Although SIM believes its fees are competitive, clients are hereby advised that lower fees for comparable services could be available from other sources.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

Neither Secure Investment Management nor any supervised person of SIM accepts performance-based fees.

## Item 7: Types of Clients

SIM's clients shall generally include individuals, business entities, trusts, and estates.

### Minimum Account Requirements

SIM generally has an account minimum of \$25,000; however, SIM, in its sole discretion may waive the account minimum or charge a lesser advisory fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

### Separate Accounts

SIM provides portfolio management services to clients using separately managed accounts ("Separate Accounts"). SIM's management of the client's Separate Account will be consistent with the particular investment strategy or strategies the client selected for that account. Clients can impose certain limitations or restrictions on SIM's discretionary authority. However, SIM reserves the right not to enter into a contract with a prospective client, or to terminate an agreement with an existing client, if the proposed limitation or restriction is likely in SIM's opinion to impair its ability to provide services to a client or is otherwise believed by SIM to be administratively or practically infeasible. Refer to **Item 8** for additional detail about each strategy.

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

SIM constructs investment portfolios to match the investment goals, objectives, needs, and risk tolerance of each client. SIM takes a quantitative, factor-based approach to investing that is structured around the latest academic research and based on Modern Portfolio Theory, which refers to the process of attempting to reduce risk in a portfolio through systematic diversification across and within different asset classes including equities of different sizes, styles, and geographies; fixed income of various credit qualities and maturities; and alternative investment strategies. SIM focuses on developing globally diversified investment portfolios, primarily through the use of low cost, no-load institutional mutual funds and exchange-traded funds.

### Investment Strategies

As outlined in Item 4 above, the Firm has developed investment portfolios to suit differing portfolio objectives utilizing DFA Funds and allocations to cash. The strategies available (equity/fixed income) are listed below:

- **Conservative** - The 20/80 Conservative portfolio seeks total return with emphasis on current income and preservation of capital with some capital appreciation. This portfolio primarily emphasizes income and capital preservation, typically the lowest returns and the highest degree of stability. Least aggressive portfolio suitable for risk averse clients with shorter time horizons and the need for portfolio income generation.

- **Moderately Conservative** – The 40/60 Moderately Conservative portfolio seeks total return with emphasis on current income and preservation of capital with moderate capital appreciation. This portfolio emphasizes income and capital preservation, typically lower returns in exchange for a higher degree of stability. This strategy is predominantly fixed income oriented and suitable for moderately risk averse clients with at least a 3 to 5-year time horizon.
- **Moderate** – The 60/40 Moderate portfolio seeks total return consisting of long-term capital appreciation and moderate emphasis on current income. This portfolio emphasizes both capital appreciation and income and has potential for higher long-term returns in exchange for less stability. It is suitable for clients with a modest degree of risk tolerance and average 3 to 5-year time horizon.
- **Moderately Aggressive** – The 80/20 Moderately Aggressive portfolio seeks total return consisting of long-term capital appreciation with some emphasis on current income. This portfolio emphasizes capital appreciation with typically higher long-term returns in exchange for enduring larger losses in the short-term. This strategy has the potential for significant fluctuation and is only suitable for clients with an above-average tolerance for risk and a long-term time horizon.
- **Aggressive** – The 100/0 Aggressive portfolio seeks total return consisting of long-term capital appreciation. This portfolio primarily emphasizes capital appreciation with typically highest long-term returns in exchange for enduring large losses in the short-term. Fluctuation can be significant and is only suitable for clients that are comfortable with high capital fluctuation and have a long-term investment horizon.

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

### **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there are varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Our portfolios are designed for investors whose objective is to hold the investment for one or more years. Investors should be able to accept price volatility during this period, the level of which should match the stated risk tolerance of the respective investor.

Our portfolios are designed to meet stated investment objectives based on your Investment Policy Questionnaire (IPQ). The portfolios are not designed to match equity market returns during strong rallies. There is no guarantee that any client portfolios managed by SIM will meet a target return or investment objective.

Diversification cannot protect an investor from these fluctuations. The use of indexed funds is not fully guaranteed to track an intended market and may carry additional 'product' risks.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

Market Risk: Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

Equity (Stock) Market Risk: Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

Company Risk: When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

Fixed Income Risk: When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

ETF and Mutual Fund Risk: When investing in an ETF or mutual fund, it will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs. The Sub-Advisor may, at its discretion, invest in leveraged ETFs which provide two times the exposure to a stated index or asset class. These ETFs may be held for periods longer than one week.

Cybersecurity Risk: The computer systems, networks, and devices used by SIM, and service providers to SIM and our clients to carry out our business operations engage a variety of safety measures designed to prevent interruption from computer viruses, systems failures, infiltration by unauthorized persons and other security breaches. Despite the various protection efforts employed, systems, networks and/or devices can be breached. SIM and clients could be negatively impacted as a result of a cybersecurity breach. For example,

cybersecurity breaches may cause disruptions in business operations which in turn may potentially result in a financial loss to a client; the inability by us and/or other services providers to transact business; violations of applicable privacy laws; the inadvertent release of confidential information, regulatory fines, penalties and/or reputational damage. Similar adverse consequences could apply to issuers of securities in which a client invests, exchange and other financial market operators, government authorities, banks, or other financial institutions, among other parties.

Public Health Risk: Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu, and, most recently, COVID-19. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, has a negative impact on the economy, and business activity in any of the countries in which the Adviser may invest and thereby adversely affect the performance of the client account.

## 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 SIM or the integrity of SIM's management. SIM has no material pertinent disclosures related to disciplinary events associated with SIM's clients. On SIM's ADV Part 1, under the Regulatory Action Disclosure Reporting Pages, you will find one regulatory action ("DRP") listed related to an event which occurred regarding one of SIM's investment adviser representatives.

In 2014, an investment adviser representative ("IAR") employed by SIM entered into investment advisory agreements with five Kansas clients. At the time, neither SIM nor the IAR was registered in Kansas, as required. In July 2015, the Kansas Insurance Department referred a complaint from a Kansas resident to the office of Kansas Securities Commissioner resulting in an administrative inquiry into the unregistered activity of the firm and the IAR. As a result of the investigation, a notice of intent to impose administrative sanctions was filed along with a consent order on December 21, 2016. Per the consent order, a civil penalty of \$5,000 was assessed against SIM and was paid within 30 days of the entry of the order.

## Item 10: Other Financial Industry Activities and Affiliations

### **Licensed Insurance Agents**

SIM does not engage in the sale of insurance products to advisory clients. Certain of SIM's supervised persons, in their individual capacities, are also licensed insurance agents, with various insurance companies, including its affiliated agencies under the JD Mellberg brand. As a result, such supervised persons recommend, on a commission basis, the purchase of certain Insurance products.

A conflict of interest exists to the extent that SIM recommends the purchase of insurance products where SIM's supervised persons receive insurance commissions or other additional compensation. As referenced in Item 4 above, clients can engage certain of SIM's representatives to purchase insurance products on a commission basis. Any activity by your investment adviser representative as an insurance agent is separate from and outside of his or her role on behalf SIM. You should understand the following:

- SIM does not serve as an insurance agency for your investment adviser representative to offer fixed insurance, fixed annuities or fixed indexed annuities;
- SIM does not conduct due diligence of the fixed insurance, fixed annuities or fixed indexed annuities offered by your investment adviser representative in his or her separate capacity as an insurance agent; and
- SIM does not review, approve, or supervise your investment adviser representative's recommendations as an insurance agent to hold, purchase or sell/surrender fixed insurance, fixed annuities, or fixed indexed annuities.

Additionally, in their individual capacities as insurance licensed agents, SIM's representatives receive compensation in addition to commissions from certain insurance wholesalers. No client is under any obligation to purchase any commission products from SIM's representatives.

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

SIM has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. SIM's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading of the same securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of SIM's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). Neither SIM nor any related person of SIM recommends, buys, or sells for client accounts, securities in which SIM or any related person of SIM has a material financial interest. However, SIM, along with related persons, are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner consistent with the Firm's policies and procedures. This Code of Ethics established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities.

SIM has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of SIM's "Access Persons." SIM's securities transaction policy requires that an Access Person of SIM must provide the CCO a written report of their current securities holdings within ten (10) days after becoming an Access Person.

Access Persons are also required to provide a list of their outside brokerage accounts and set up each outside brokerage account to provide duplicate statements directly to SIM's CCO. SIM's internal compliance reviews each confirmation of trade statement as well as each monthly report received from the Access Person's outside brokerage account(s). Additionally, each Access Person provides the CCO with a written attestation confirming/identifying each one of the Access Person's current outside brokerage accounts.

## Item 12: Brokerage Practices

In the event that the client requests that SIM recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that direct SIM to use a specific broker-dealer/custodian), SIM recommends that investment management accounts be maintained at Fidelity. Prior to engaging SIM to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with SIM setting forth the terms and conditions under which SIM shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that SIM considers in recommending Fidelity include historical relationship with SIM, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by SIM's clients shall comply with SIM's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where SIM determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although SIM will seek competitive rates, it will not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions, transaction and transfer of asset fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, SIM's investment management fee. SIM's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### **Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular custodian, SIM receives from Fidelity without cost, and/or at a discount support services and products, certain of which assist SIM to better monitor and service client accounts maintained at such institutions.

Included within the support services that are obtained by SIM is investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and practice management-related publications, discounted or free consulting services, discounted attendance at conferences, meetings, and other educational and social events, marketing support, computer hardware and software or other products used by SIM in furtherance of its investment advisory business operations. The receipt of benefits gives SIM an incentive to recommend or select Fidelity based on SIM's interest in receiving the research or other products or services, rather than on the clients' interest in receiving most favorable execution.

As indicated above, certain of the products and support services received can assist SIM in managing and administering client accounts. Others do not directly provide such assistance, but rather assist SIM to manage and further develop its business enterprise.

SIM's clients do not pay more for investment transactions effected and assets maintained at Fidelity as a result of this arrangement. This, however, can cause clients to pay commissions higher than those charged by other broker-dealers who do not offer such benefits. There is no corresponding commitment made by SIM to Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

To the extent that services of value are received by SIM, SIM avoids expenses which it might otherwise incur. The receipt of research in connection with brokerage transactions executed on behalf of its clients benefits SIM by allowing SIM, at no cost to it, to supplement its own research and analysis activities. Research obtained can be utilized by SIM for the benefit of clients not related to the broker-dealer providing the research.

SIM does not receive referrals from broker dealers.

### **Directed Brokerage**

The client can direct SIM to use a particular broker-dealer (subject to SIM's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer, and SIM will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by SIM. As a result, clients can pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. In the event that the client directs SIM to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction causes the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements.

In the event that the transactions for a client's accounts are affected through a broker-dealer that refers investment management clients to SIM, there exists the potential for conflict of interest if the accounts incur higher commission or transaction costs than the accounts would otherwise have incurred had the client determined to effect account transactions through alternative clearing arrangements.

SIM will aggregate orders in a manner that it considers to be the most equitable to all accounts.

### **Mutual Fund Share Class Selection**

Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B and class C shares), funds may also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount. Institutional share classes usually have a lower expense ratio than other share classes. When recommending investments in mutual funds, it is our policy to review and consider available share classes. Our policy is to select the most appropriate share classes based on various factors including but not limited to: minimum investment requirements, trading restrictions, internal expense structure, transaction charges, availability and other factors. When considering all the appropriate factors, we can select a share class other than the 'lowest cost' share class. In order to select the most appropriate share class, we consider retail, institutional or other share classes of the same mutual fund. Regardless of such considerations, clients should not assume that they will be invested in the share class with the lowest possible expense ratio. Clients should ask their adviser whether a lower cost share class is available instead of those selected by SIM. SIM periodically reviews the mutual funds held in client accounts to select the most appropriate share classes in light of its duty to obtain best execution.

### **Order Aggregation**

SIM typically effects transactions for each client account independently. At times, when able to, the Firm generally aggregates trades of accounts. Trade aggregation, or "bunching of orders," may result in better execution and/or better realized prices for SIM client accounts. Because SIM's services utilize various types of investments and securities, it may not be possible to bunch orders. Alternatively, even when possible, SIM may not be able to execute all shares of an aggregated trade because of prevailing market conditions and other variables, in which case the Firm will allocate the trade among participating accounts in an equitable manner determined prior to execution of the trade.

In certain cases, the Firm may not be able to purchase or sell the same security for all clients that could transact in the security, which is generally based on various factors such as the type of security, size of the account, cash availability, account restrictions, timing of when monies are received and rebalancing needs. If SIM or its related person(s) wish to transact in the same securities on the same day as client accounts, such transactions must adhere to SIM's Code of Ethics policies. All participants of the aggregated order will receive the average price of the block trade. In the event that a block trade is not filled, SIM will allocate shares executed to the underlying accounts on a pro rata basis, adjusted to be in the client's best interest. At all times, the interests of SIM's clients will come first.

## Trade Errors

From time-to-time SIM may make an error in submitting a trade order on your behalf. When this occurs, SIM will place a correcting trade with the broker-dealer which has custody of your account. Should you sustain any economic detriment as a result of an error it is our legal obligation to make you whole.

The Firm will correct the trade in a "trade error" account and keep any profits or losses in that account. In the event there is a profit, these profits will remain in the Firm's trade error account and be used to offset future trade errors, if any. However, the client will be made whole in the event of having sustained any loss(es).

## Item 13: Review of Accounts

For those clients to whom SIM provides investment supervisory services, account reviews are conducted on an ongoing basis by the client's investment adviser representative or qualified designee. All investment advisory clients are advised that it remains their responsibility to advise their investment adviser representative and SIM of any changes in their investment objectives or financial situation. SIM encourages you to request a review with your investment adviser representative to discuss such things as account performance, changes in the your investment objectives, goals, and financial situation, tax planning, estate planning, retirement planning and any other questions you have concerning your investment portfolio. If you only receive financial planning services from SIM, you will be charged a separate fee for meetings with your investment adviser representative. You should read carefully the agreement with SIM to determine the amount of such separate fees, if any on an annual basis.

SIM conducts account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the custodian.

## Item 14: Client Referrals and Other Compensation

As referenced in Item 12 above, SIM receives an indirect economic benefit from Fidelity. SIM, without cost or at a discount, receives support services and products from Fidelity. SIM's clients do not pay more for investment transactions effected or assets maintained at Fidelity as a result of this arrangement. There is no corresponding commitment made by SIM to Fidelity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangement.

If a client is introduced to SIM by either an unaffiliated or an affiliated solicitor, SIM pays that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from SIM's investment management fee and shall not result in any additional charge to the client. If the client is introduced to SIM by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of their solicitor relationship, and shall provide each prospective client with a copy of SIM's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between SIM and the solicitor, including the compensation to be received by the solicitor from SIM.

## Item 15: Custody

SIM does not maintain physical possession of Client cash or securities. For certain Clients, SIM deducts fees directly from Client accounts. As a result, SIM is deemed to have custody of these Client assets. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the custodian and/or program sponsor for the client accounts. SIM urges you to carefully review such statements and compare such official custodial records to the account statements that SIM provides you.

**Please Note:** The account custodian does not verify the accuracy of SIM's advisory fee calculation. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact SIM directly if they believe that there is an error in their statement.

SIM is also deemed to have custody when clients have standing letters of authorization ("SLOA") with their custodian to move money from a client's account to a third-party and under that SLOA authorize SIM to designate the amount or timing of transfers with the custodian. SIM has implemented procedures to meet the specific conditions as stated in the SEC's SLOA no action letter which are intended to protect client assets in such situations, which SIM follows. Additionally, as a result of following these conditions, SIM is not required to obtain a surprise examination.

## Item 16: Investment Discretion

Clients can engage SIM to provide investment advisory services on a discretionary basis. Prior to SIM assuming discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement, granting SIM full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's account.

Clients who engage SIM on a discretionary basis may, at any time, impose restrictions, in writing, on SIM's discretionary authority. (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe SIM's use of margin, etc.).

## Item 17: Voting Client Securities

SIM does not vote client proxies. The client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.

## Item 18: Financial Information

SIM does not solicit fees of more than \$1,200.00, per client, six months or more in advance.

SIM does not have any financial condition or circumstance that is reasonably likely to impair our ability to meet our contractual obligations.