



*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of TruWealth Advisors, LLC (hereinafter “TruWealth” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

**Item 2. Material Changes**

In this Item, TruWealth is required to discuss any material changes that have been made to the brochure since the last annual amendment filed on February 5, 2021. The Firm has no changes to disclose in relation to this Item.

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## Item 4. Advisory Business

TruWealth offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to TruWealth rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with TruWealth setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

TruWealth filed for registration as an investment adviser in June 2020 and is principally owned by Charles Simmons and Christy Lynn Neal Simmons. As of December 31, 2021, TruWealth had \$1,697,533,238 in assets under management, all of which was managed as a discretionary basis.

While this brochure generally describes the business of TruWealth, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on TruWealth’ behalf and are subject to the Firm’s supervision or control.

### Financial Planning Services

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TruWealth offers clients a broad range of financial planning services, which include any or all of the following functions:

- Retirement Planning
- Trust and Estate Planning
- Business Planning
- Insurance Planning
- Cash Flow Analysis
- Investment Planning
- Long-Term Care Planning
- Workplace Benefit Planning

While each of these services is available on a stand-alone basis, certain of them can also be rendered in conjunction with investment management services under a comprehensive wealth management engagement.

In performing these services, TruWealth is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information.

TruWealth recommends certain clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents or registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage TruWealth or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services.

Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by TruWealth under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising TruWealth' recommendations and/or services.

## **Investment Management Services**

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TruWealth manages client investment portfolios on a discretionary or non-discretionary basis. While these services are available on a stand-alone basis, they can also be rendered in conjunction with financial planning services under a comprehensive wealth management engagement.

In managing client investment portfolios, TruWealth primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), exchange-traded notes ("ETNs"), custom structured products, and individual debt and equity securities in accordance with their stated investment objectives. Clients can engage the Firm to provide advice about any type of legacy position or other investment held in client portfolios, including investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). With respect to such variable life insurance and annuity contracts, TruWealth directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

TruWealth tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. TruWealth consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify TruWealth if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios.

Clients can impose reasonable restrictions or mandates on the management of their accounts if TruWealth determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

## **Retirement Plan Consulting Services**

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TruWealth provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans.

Each engagement is individually negotiated and customized, and includes any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning & Benefits
- Investment Selection
- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Fiduciary and Compliance
- Participant Education

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by TruWealth as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of TruWealth’ fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

## Item 5. Fees and Compensation

TruWealth offers services on a fee basis, which includes fixed and/or hourly fees, as well as fees based upon assets under management. Additionally, certain of the Firm’s Supervised Persons, in their individual capacities, offers securities brokerage services and/or insurance products under a separate commission-based arrangement.

### Financial Planning Fees

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TruWealth charges fixed fees for providing financial planning services. As set forth above, these services may be provided under a stand-alone financial planning engagement or as part of comprehensive wealth management engagement.

The Firm’s fixed fees for financial planning services vary depending on the scope and complexity of the services for which the Firm is engaged. For project-based engagements, the Firm generally charges a fixed fee for initial planning ranging from \$250 to \$10,000. For on-going engagements, the Firm generally charges a subscription fee ranging from \$0 to \$899 per month. For project-based engagements, the Firm requires a minimum of one-half of the fixed fee for initial planning upon execution of the Advisory Agreement. The outstanding balance of the fixed fee for initial planning is due upon completion of the initial planning. For on-going engagements, subscription fees are charged in arrears.

Where the Firm is engaged for financial planning services under a stand-alone engagement and a client subsequently engages the Firm for additional investment advisory services, TruWealth may offset all or a

portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

### **Investment Management Fees**

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TruWealth offers investment management services for an annual fee based on the amount of assets under the Firm's management. As set forth above, these services may be provided under a stand-alone investment management engagement or as part of a comprehensive wealth management engagement. The Firm's fee for investment management services varies in accordance with the following fee schedule:

<b><u>PORTFOLIO VALUE</u></b>	<b><u>BASE FEE</u></b>
Up to \$250,000	Up to 1.50%
\$250,001 - \$1,000,000	Up to 1.45%
\$1,000,001 - \$1,500,000	Up to 1.10%
\$1,500,001 - \$1,999,999	Up to 1.00%
2,000,000 – \$2,500,000	Up to 0.90%
\$2,500,001-\$2,999,999	Up to 0.80%
\$3,000,000-\$3,499,999	Up to 0.70%
Above \$3,500,000	Up to 0.60%

The annual fee is prorated and charged monthly, arrears, based upon the market value of the assets being managed by TruWealth on the last day of the previous billing period. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

The Firm includes cash in a client's account in determining the valuation for billing purposes. The Firm may, in its sole discretion, not include cash in determining the fee, especially where a client has a high percentage of cash for reasons other than the Firm's investment management decision. Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), TruWealth may negotiate a fee rate that differs from the range set forth above.

### **Retirement Plan Consulting Fees**

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TruWealth charges a fixed project-based fee to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Agreement. These fees vary, based on the scope of the services to be rendered, and range up to \$25,000 per annum for highly complex and involved engagements. In those

situations where TruWealth has agreed to manage a plan's assets, the Firm also charges an annual asset-based fee between 10 and 150 basis points (0.10% – 1.50%), depending upon the amount of assets to be managed.

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**Fee Discretion**

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TruWealth may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

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**Additional Fees and Expenses**

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In addition to the advisory fees paid to TruWealth, 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 securities brokerage commissions, transaction fees, custodial fees, reporting charges, margin costs, charges imposed directly 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. The Firm's brokerage practices are described at length in Item 12, below.

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**Direct Fee Debit**

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Clients provide TruWealth with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to TruWealth.

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**Use of Margin**

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TruWealth can recommend that certain clients utilize margin in the client's investment portfolio or other borrowing. TruWealth only recommends such borrowing for non-investment needs, such as bridge loans and other financing needs. The Firm's fees are determined based upon the value of the assets being managed gross of any margin or borrowing.



### **Account Additions and Withdrawals**

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Clients can make additions to and withdrawals from their account at any time, subject to TruWealth' right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to TruWealth, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. TruWealth may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

### **Commissions and Sales Charges for Recommendations of Securities**

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Clients can engage certain persons associated with TruWealth (but not the Firm directly) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with TruWealth. Under this arrangement, the Firm's Supervised Persons, in their individual capacities as registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), can provide securities brokerage services and implement securities transactions under a separate commission-based arrangement. Supervised Persons are entitled to a portion of the brokerage commissions paid to PKS as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. TruWealth can also recommend no-load or load-waived funds, where no sales charges are assessed, but where the Supervised Person receives other forms of compensation. Prior to effecting any transactions, clients are required to enter into a separate account agreement with PKS.

A conflict of interest exists to the extent that a Supervised Person of TruWealth recommends the purchase or sale of securities through a brokerage relationship where that Supervised Persons receives commissions or other additional compensation as a result of that recommendation (the "Brokerage Relationship"). The Firm has procedures in place to ensure that any recommendations made by such Supervised Persons to engage in the Brokerage Relationship are in the best interest of that client. Because the Supervised Persons receives compensation in connection with the sale of mutual funds in the Brokerage Relationship, a conflict of interest exists as such Supervised Persons, has an incentive to recommend more expensive mutual fund share classes to clients where such Supervised Persons earn more compensation with respect to the sale of such mutual fund share classes. Clients should understand that the investments made in the Brokerage Relationship are not receiving advisory services from the Firm. Therefore, the Firm does not have a fiduciary duty over the Brokerage Relationship recommendations. For certain accounts covered by the Employee Retirement Income Security Act of 1974 ("ERISA") and such others that TruWealth, in its sole discretion, deems appropriate, TruWealth provide its investment advisory services to certain clients on a fee-offset basis. In this scenario, TruWealth offsets its fees by an amount equal to the aggregate

commissions and 12b-1 fees earned by the Firm's Supervised Persons in their individual capacities as registered representatives of PKS.

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

TruWealth does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7. Types of Clients**

TruWealth offers services to individuals, trusts, estates, charitable organizations, corporations and business entities, and pension and profit-sharing plan sponsors.

### **Minimum Account Requirements**

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TruWealth does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship.

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

### **Methods of Analysis**

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The Firm's investment philosophy is long-term in nature, based on research, principles and experience rather than short-term trends. The Firm focuses on asset allocation investment strategies, all based on clients' specific investment objectives, to optimize the risk and reward of a portfolio. An analysis of the returns, volatility and correlations of different asset classes is conducted in order to create portfolios tailored to each client's investment objectives, investment time horizon, and risk tolerance. Investment research is performed through the use of professional and public databases, paid subscriptions, financial publications and investment conferences.

The Firm uses a number of analyses in formulating investment advice and managing client assets, including:

- Top-down and macroeconomic analysis. The Firm analyzes overall economic trends and data as well as fiscal and monetary policies to get a "big picture" view of capital markets. The Firm

develops outlooks indicating which asset classes, types, sectors, and styles may be overvalued/risky or undervalued. Client's asset allocation at any given time is largely based on this work. The Firm's bond strategies are largely shaped by our top down work as we focus mostly on duration strategies that seek to take advantage of perceived movements in interest rates.

- Fundamental analysis. The Firm also conducts continuous research on a bottom-up basis, identifying asset classes and individual securities with attractive characteristics relative to its price.
- Technical analysis (or trend analysis). The Firm uses technical analysis to gauge investor sentiment and the supply and demand dynamics for various securities, often after the Firm has identified a security as a candidate to buy or sell on top-down or fundamental grounds. This work entails analyses of price charts, including price movement and trading volume.

### **Investment Strategies**

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TruWealth manages client assets on a discretionary basis. The Firm primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), exchange-traded notes ("ETNs"), custom structured products, individual debt and equity securities in accordance with their stated investment objectives. TruWealth tailors its advisory services to the individual needs of clients. The Firm consults with clients initially and on an ongoing basis to develop specific approaches to their investment needs. Investment portfolios are constructed with the client's objectives, risk tolerance and time horizon in mind. TruWealth strives to determine the appropriate level of investment risk in a client's portfolio through Riskalyze; however, investing entails the risk of loss, and clients should be prepared to bear such loss.

### **Risk of Loss**

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The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of TruWealth' recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial

markets and economic conditions throughout the world. There can be no assurance that TruWealth will be able to predict these price movements accurately or capitalize on any such assumptions.

#### *Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

#### *Equity-Related Securities and Instruments*

The Firm may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

#### *Fixed Income Securities*

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (*e.g.*, sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a

mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### *Structured Note Risk*

Investors in structured notes may lose some or all of their investment if the underlying security or index decreases in value over the term of the note. They are also subject to the credit risk of the issuer and can experience losses in the event of a default of the issuer regardless of the performance of the underlying security.

#### *Cash Management Risks*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

#### *Interest Rate Risks*

Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

#### *Currency Risks*

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

## **Item 9. Disciplinary Information**

TruWealth has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

## Item 10. Other Financial Industry Activities and Affiliations

This item requires investment advisers to disclose certain financial industry activities and affiliations.

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

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Certain of the Firm's Supervised Persons are registered representatives of PKS and provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length in Item 5.

### **Licensed Insurance Agents**

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A number of the Firm's Supervised Persons are licensed insurance agents and offer certain insurance products on a fully disclosed commissionable basis. A conflict of interest exists to the extent that TruWealth recommends the purchase of insurance products where its Supervised Persons are entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

### **Affiliated Certified Public Accounting Firm**

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In the event clients require accounting services, the Firm may recommend the services of certain certified public accounting firms, including those of an affiliated accounting firm, Ramon F. Cesta, C.P.A. ("Cesta C.P.A."). Accounting services are rendered independent of TruWealth pursuant to a separate agreement between clients and the accounting firms. The Firm does not receive any portion of the fees paid by clients to the accounting firms, including Cesta C.P.A. and does not receive a referral fee in connection with the accounting services the accounting firms recommend to clients. Notwithstanding the foregoing, a conflict of interest exists to the extent that TruWealth recommends the services of Cesta C.P.A. where TruWealth' Supervised Persons are entitled to distributions of other compensation related to their affiliation with Cesta C.P.A.

## Item 11. Code of Ethics

TruWealth 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. TruWealth' 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 by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of TruWealth' personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been 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. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; and iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact TruWealth to request a copy of its Code of Ethics.

## Item 12. Brokerage Practices

### Recommendation of Broker-Dealers for Client Transactions

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TruWealth recommends that clients utilize the custody, brokerage and clearing services of National Financial Services LLC and Fidelity Brokerage Services LLC (together with affiliates, "Fidelity"), Charles Schwab & Co, Inc. through its Schwab Advisor Services division ("Schwab"), and TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. ("TD Ameritrade" and together with Schwab and Fidelity, "Custodian") for investment management accounts. With respect to TD Ameritrade, TruWealth notes that it participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA, an unaffiliated

SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. TruWealth receives some benefits from TD Ameritrade through its participation in the program.

The final decision to custody assets with Custodian is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. TruWealth is independently owned and operated and not affiliated with Custodian. Custodian provides TruWealth with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which TruWealth considers in recommending Custodian, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by Custodian to clients may be higher or lower than those charged by other Financial Institutions.

The commissions paid by TruWealth' clients to Custodian comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where TruWealth determines that the commissions are 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 Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. TruWealth seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist TruWealth in its investment decision-making process. Such research will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because TruWealth does not have to produce or pay for the products or services.

TruWealth periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

#### **Software and Support Provided by Financial Institutions**

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TruWealth receives without cost from Custodian administrative support, computer software, related systems support, as well as other third party support as further described below (together "Support") which



allow TruWealth to better monitor client accounts maintained at Custodian and otherwise conduct its business. TruWealth receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Custodian. The Support is not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The Support benefits TruWealth, but not its clients directly. Clients should be aware that TruWealth’ receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits will influence the Firm’s choice of broker-dealer over another that does not furnish similar software, systems support or services, especially because the support is contingent upon clients placing a certain level(s) of assets at Custodian. In fulfilling its duties to its clients, TruWealth endeavors at all times to put the interests of its clients first and has determined that the recommendation of Custodian is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, TruWealth receives the following benefits from Custodian: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

#### *Software and Support from Fidelity and Schwab*

Fidelity and Schwab makes available to the Firm, at no additional charge, certain research and brokerage services, including research services obtained by Fidelity and Schwab directly from independent research companies, as selected by TruWealth (within specified parameters). These research and brokerage services presently include services such as investment research and are used by the Firm to manage accounts for which it has investment discretion. TruWealth also receives additional services including banking, trust and affiliated services. Without this arrangement, the Firm might be compelled to purchase the same or similar services at its own expense.

#### *Software and Support from TD Ameritrade*

There is no direct link between TruWealth’ participation in TD Ameritrade’s institutional customer program and the investment advice it gives to its clients, although TruWealth receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. Additionally, TruWealth may receive the following benefits from TD Ameritrade through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. The Firm also has the ability deduct advisory fees 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 the Firm by third party vendors. TD Ameritrade may fund business consulting and professional services received by TruWealth' related persons.

Some of the products and services made available by TD Ameritrade through the program may benefit TruWealth but not its client. These products or services may assist TruWealth in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help TruWealth manage and further develop its business enterprise. The benefits received by TruWealth' participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

#### *Additional Services from TD Ameritrade*

TruWealth also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include data research. TruWealth and TD Ameritrade have entered into a separate agreement to govern the terms of the provision of the Additional Services. The Additional Service include payments to a data research firm on behalf of the Advisor. In providing Additional Services to TruWealth, TD Ameritrade provides Additional Services to Firm at its own expense and in its sole discretion has the right terminate the Additional Services Addendum with the Firm. TruWealth may have a conflict of interest in recommending to its clients that their assets be held in custody with TD Ameritrade and in placing transactions for client accounts with TD Ameritrade, because TD Ameritrade considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, the Firm's client accounts when determining whether to provide or continue providing Additional Services to the Firm. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, TruWealth may have an incentive to recommend to its Clients that the assets under management by TruWealth be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. TruWealth's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

#### **Brokerage for Client Referrals**

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TruWealth does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

#### **Directed Brokerage**

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The client may direct TruWealth in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other

Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by TruWealth (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, TruWealth may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

### **Commissions or Sales Charges for Recommendations of Securities**

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As discussed above, certain Supervised Persons in their respective individual capacities are registered representatives of PKS. These Supervised Persons are subject to FINRA Rule 3280 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless the registered representatives give prior notice of such transactions to PKS and, in most circumstances, PKS provides written consent. Therefore, clients are advised that certain Supervised Persons are restricted to conducting securities transactions through PKS if they have not secured written consent from PKS to execute securities transactions through a different broker-dealer. Absent such written consent or separation from PKS, these Supervised Persons are generally prohibited from executing securities transactions through any broker-dealer other than PKS under its internal supervisory policies. The Firm is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

### **Trade Aggregation**

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Transactions for each client will be effected independently, unless TruWealth decides to purchase or sell the same securities for several clients at approximately the same time. TruWealth may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among TruWealth’ clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which TruWealth’ Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. TruWealth does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings

relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

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

### **Account Reviews**

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TruWealth monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Firm's trading team. All investment advisory clients are encouraged to discuss their needs, goals and objectives with TruWealth and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Account Statements and Reports**

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from TruWealth and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from TruWealth or an outside service provider.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

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In the event a client is introduced to TruWealth by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from TruWealth's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the client will receive a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of TruWealth is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

### Other Compensation

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The Firm receives economic benefits from Custodian. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

## Item 15. Custody

TruWealth is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period. In addition, as discussed in Item 13, TruWealth will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from TruWealth.

### Standing Letters of Authorization

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TruWealth also anticipates having custody due to clients giving the Firm limited power of attorney in a standing letter of authorization ("SLOA") to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm will implement the steps in the SEC's no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the

Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

## **Item 16. Investment Discretion**

TruWealth is given the authority to exercise discretion on behalf of clients. TruWealth is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. TruWealth is given this authority through a power-of-attorney included in the agreement between TruWealth and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). TruWealth takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

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

TruWealth does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

## **Item 18. Financial Information**

TruWealth is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.