

# Three Rivers Executive Consulting, LLC Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Three Rivers Executive Consulting, LLC. If you have any questions about the contents of this brochure, please contact us at (412) 293-4500 or by email at: Kennedy@TREC .com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Three Rivers Executive Consulting, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Three Rivers Executive Consulting, LLC's CRD number is: 311549.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Three Rivers Executive Consulting, LLC on 01/06/2022 are described below. Material changes relate to Three Rivers Executive Consulting, LLC's policies, practices, or conflicts of interests.

- Three Rivers Executive Consulting, LLC has transitioned to registration with the United States Securities and Exchange Commission from its prior registration at the state level.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Three Rivers Executive Consulting, LLC (hereinafter "TREC ") is a Limited Liability Company organized in the State of Pennsylvania. The firm was formed in September 2020, and the principal owner is Nicholas Dean Kennedy.

### **B. Types of Advisory Services**

#### ***Portfolio Management Services***

TREC offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. TREC creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

TREC evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. TREC will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

TREC seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of TREC's economic, investment or other financial interests. To meet its fiduciary obligations, TREC attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, TREC's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is TREC's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

#### ***Selection of Other Adviser Services***

TREC may direct that certain clients authorize the active discretionary management of a portion of their assets through the use of third-party independent investment advisers to manage all or a portion of the client's assets based upon the stated investment objectives

of the client Before selecting other advisers for clients, TREC will always ensure those other advisers are properly licensed or registered as an investment adviser. TREC conducts due diligence on any third-party investment adviser, which may involve one or more of the following: phone calls, meetings and review of the third-party adviser's performance and investment strategy. TREC then makes investments with a third-party investment adviser by referring the client to the third-party adviser. TREC will review the ongoing performance of the third-party adviser as a portion of the client's portfolio for which it will receive an annual advisory fee. The firm has engaged Asset Mark, a registered investment advisory firm, to act as a sub advisor.

TREC may offer advisory services to Clients by selecting the AssetMark Platform. For more information regarding the AssetMark Platform, refer to AssetMark Platform Disclosure Brochure.

The minimum investment required on the AssetMark Platform depends upon the Investment Solution chosen for a Client's account and is generally \$10,000] for Mutual Fund and \$25,000 for ETF Accounts, and from \$25,000 to \$1,000,000 for Privately Managed and Unified Managed Accounts, depending on the investment strategy selected for the account. These minimums are described in more detail in the Fees & Minimums Page in the AssetMark Platform Disclosure Brochure. Accounts below the stated minimums may be accepted on an individual basis at the discretion of AssetMark.

TREC also introduces clients to, and advises on the selection of, independent investment managers who provide discretionary management of individual portfolios using a variety of different securities analysis methods, sources of information and investment strategies. Clients will receive a separate disclosure brochure from these investment managers regarding their investment advisory services.

With respect to clients investing in the AssetMark Platform, TREC introduces clients to, and advises on the selection of, independent investment managers who provide discretionary management of individual portfolios including a wide variety of security types. Clients will receive a separate disclosure from such investment managers regarding any such investment manager's advisory services.

TREC may from time to time may refer clients to a third party for compensation. Pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940, TREC is required to have written agreement with such parties with respect to solicitation activities and referral fees, and clients referred pursuant to such arrangements must receive a disclosure document describing the arrangement and must provide written acknowledgement of receipt of such disclosure document. TREC is compensated by the third-party referrals out of management fees received on referred accounts for a specified or indefinite period of time. This does not increase the management fee incurred by the client.

TREC may offer investment advisory services through use of third-party money managers ("Outside Managers" and "Sub-Advisers") for portfolio management services. We assist clients in selecting an appropriate allocation model, completing the investor profile

questionnaire, interacting with the Outside Manager and reviewing the Outside Manager. We will meet with the client on a periodic basis to discuss changes in their personal or financial situation, suitability, and any new or revised restrictions to be applied to the account.

Before selecting other advisers for clients, TREC will always ensure those other advisers are properly licensed or registered as an investment adviser. TREC conducts due diligence on any third-party investment adviser, which may involve one or more of the following: phone calls, meetings and review of the third-party adviser's performance and investment strategy. TREC then makes investments with a third-party investment adviser by referring the client to the third-party adviser. TREC will review the ongoing performance of the third-party adviser as a portion of the client's portfolio.

Specifically, TREC will direct clients to SEI Private Trust Company and its affiliates (collectively, "SEI"), which include the investment advisory firm SEI Investments Management Corporation [CRD#105146] ("SIMC") and the broker-dealer SEI Investments Distribution Co. [CRD#10690]. SEI has developed a standard managed account solutions ("MAS"), which program includes SEI's distribution focused strategies, an integrated managed account solutions providing a tax overlay service ("Tax Management") and a Goals Based Investing managed account solutions, consisting of MAS and Tax Management portfolios invested in accordance with SEI's goals-based investment solutions and, may, in the future, develop additional managed account solutions (collectively, the "Managed Account Solutions").

Under this program, SIMC acts a co-investment advisor to the client, along with the TREC , pursuant to a tri-party investment management agreement executed among SIMC, the TREC and each client investing assets into the Managed Account Solutions (the "Tri-party Agreement").

For each Managed Account Solutions, SIMC is responsible for developing managed account portfolios designed to be invested in accordance with a stated investment objective (the "Managed Account Portfolios"). For each Managed Account Portfolio, other than the Managed Account Portfolios implementing distribution-focused strategies (the "DFS Portfolios"), SIMC is solely responsible for screening, reviewing and selecting the various money managers and/or individual mutual funds and other assets available for selection by TREC and their clients designed to meet the specific Managed Account Portfolio's stated investment objective or goal.

For each DFS Portfolio, SIMC is responsible for selecting the SEI funds and/or other assets underlying each DFS Portfolio and actively managing each client's account invested in a DFS Portfolio in accordance with the portfolio's investment objectives.

Pursuant to the Managed Account Solutions, SIMC will provide to TREC , and its investment adviser representatives of TREC the following services:

- Make available to TREC and its investment adviser representatives of TREC Managed Account Portfolios developed solely by SIMC and designed to achieve specific investment objectives or goals, and, pursuant to which the clients, with

recommendations from investment adviser representatives of TREC , will select from a list of available money managers (which may include SIMC), SEI mutual funds, and/or other assets and, in the case of DFS Managed Account Portfolios, investment strategies managed solely by SIMC, and which SIMC has determined: (i) as to available money managers, will invest in accordance with the Managed Account Portfolio's stated investment objective or goal; and (ii) as to available individual mutual funds and other assets, are intended to help achieve the specific Managed Account Portfolio's stated investment objectives or goals.

- In its sole discretion, rebalance the model asset allocation mix of the Managed Account Portfolios (including adding, removing or otherwise changing money managers available to manage assets within a portfolio, or the mutual funds or other assets available), as necessary to remain consistent with the model Managed Account Portfolio's investment objectives and otherwise be fully responsible for determining that the Managed Account Portfolios remain invested consistent with their stated investment objective or goal and will notify TREC of any money manager change.
- Through a proprietary web-based portfolio modeling system, recommend to TREC one or more Managed Account Portfolios that may meet a client's investment objective(s), based solely on that client's financial and other information provided to SEI by TREC.
- In its role as co-advisor to clients in the Managed Account Solutions, manage each Managed Account Portfolio, including, without limitation, (i) monitoring the performance of each selected money manager, in accordance with the portfolio's stated investment objective or goal and in accordance with the terms of the Tri-party Agreement and (ii) for client accounts invested in DFS Portfolios, be solely responsible for selecting, managing and rebalancing the SEI funds or other assets included in the client accounts necessary for such accounts to be and remain invested in accordance with the applicable DFS Portfolio's investment objective, as selected by clients with the assistance of investment adviser representatives of TREC .

### ***Pension Consulting Services***

TREC offers consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans). Pension consulting may include, but is not limited to:

- identifying investment objectives and restrictions
- providing guidance on various assets classes and investment options
- recommending money managers to manage plan assets in ways designed to achieve objectives
- monitoring performance of money managers and investment options and making recommendations for changes
- recommending other service providers, such as custodians, administrators and broker-dealers
- creating a written pension consulting plan

These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants.

### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

### ***Subscription Services***

TREC provides a newsletter only to clients using TREC 's other advisory services and for free; it does not entail an additional fee. It will offer recommendations on purchasing and selling specific securities, sectors, asset classes, or other specific groupings of securities at a stated time.

### ***Services Limited to Specific Types of Investments***

TREC generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, commodities, non-U.S. securities, venture capital funds and private placements. TREC may use other securities as well to help diversify a portfolio when applicable.

### ***Written Acknowledgement of Fiduciary Status***

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.



### C. Client Tailored Services and Client Imposed Restrictions

TREC offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent TREC from properly servicing the client account, or if the restrictions would require TREC to deviate from its standard suite of services, TREC reserves the right to end the relationship.

### D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. TREC does not participate in any wrap fee programs.

### E. Assets Under Management

TREC has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$175,000,000.00	\$11,000,000.00	December 2021

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Portfolio Management Fees*

Total Assets Under Management	Annual Fees
All Assets	1.50%

The advisory fee is calculated using the value of the assets in the Account on the last business day of the prior billing period.

These fees are generally negotiable and the final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of TREC 's fees within five business days of signing the Investment Advisory

Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 15 days' written notice.

### ***Selection of Other Advisers Fees***

TREC will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be memorialized in each contract between TREC and each third-party adviser. The fees shared will not exceed any limit imposed by any regulatory agency.

TREC will recommend AssetMark to clients. The annual fee schedule is as follows:

<b>Total Assets Under Management</b>	<b>TREC 's Fee</b>	<b>Third Party's Fee</b>	<b>Total Fee</b>
All Assets	1.00%	.55%	1.55%

TREC uses an average of the daily balance in the client's account throughout the billing period for purposes of determining the market value of the assets upon which the advisory fee is based. The total fees charged by both parties will not exceed 3% of assets under management per year.

On the first business day of every month, AssetMark calculate fees for any account that had one of the following billable events occur in the previous month:

- New money to the platform deposited into new and/or existing account(s)
- Account termination

Advisory Fees are deducted from client accounts by the 5th business day following month end. Fee payments are facilitated to financial advisory firms by the 10th business day following month end.

When a client closes account(s) on the platform, the pro-rata refund of Advisory Fees are applied to the account at the beginning of the following month. Any Advisory Fees paid in advanced during the current calendar quarter are eligible for a pro-rata refund that can include deposits on new money, investment solution changes, journals between existing platform account(s), and the quarterly advanced billing. Refunds are posted to the client's account by the 5<sup>th</sup> business day of the following month and deducted from the advisor's payout processed that month.

TREC will recommend TREC may direct clients to SEI Private Trust Company. The annual fee schedule is as follows:

<b>Total Assets Under Management</b>	<b>TREC 's Fee</b>	<b>Third Party's Fee</b>	<b>Total Fee</b>
All Assets	1.00%	.55%	1.55%

TREC uses the value of the account as of the last business day of the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based. The total client fees when using a third-party investment adviser will not exceed 1.90% of AUM. These fees are negotiable.

Prior to introducing Pennsylvania clients to another investment advisor, TREC will be responsible for determining the following:

- whether the investment advisor is registered with the Pennsylvania Department of Banking and Securities under Section 301 of the Pennsylvania Securities Act of 1972 ("1972 Act") whether the investment advisor is relying on an exclusion from the definition of investment advisor under Section 102(j) of the 1972 Act;
- whether the investment advisor is relying on an exemption from registration under Section 302(d) of the 1972 Act; or
- if the investment advisor is registered with the Securities and Exchange Commission, and whether it has filed a Notification Filing with the Pennsylvania Department of Banking and Securities under Commission Regulation 303.015(a).

### ***Pension Consulting Services Fees***

#### **Asset-Based Fees for Pension Consulting**

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
All Assets	1.50%

The advisory fee is calculated using the value of the assets on the last business day of the prior billing period

These fees are generally negotiable and the final fee schedule will be memorialized in the client's advisory agreement.

Clients may terminate the agreement without penalty for a full refund of TREC 's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the pension consulting agreement generally with 15 days' written notice. TREC bills based on the balance on the first day of the billing period

#### **Fixed Fees**

The rate for creating client pension consulting plans is between \$250 and \$100,000. The final fee schedule will be memorialized in the client's advisory agreement. This service may be canceled with 15 days' notice.

## *Financial Planning Fees*

### **Fixed Fees**

The fixed rate for creating client financial plans is between \$500 and \$100,000.

### **Hourly Fees**

The hourly fee for these services is between \$250 and \$400.

Clients may terminate the agreement without penalty, for full refund of TREC 's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.

### *Subscription Fees*

TREC offers a weekly subscription newsletter, "TREC Weekly Update," the price of which is included in the price of other services such as portfolio management. This newsletter will be provided via postal mail or electronic mail and may be cancelled immediately upon written notice.

## **B. Payment of Fees**

### *Payment of Portfolio Management Fees*

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis, or may be invoiced and billed directly to the client on a monthly basis. Clients may select the method in which they are billed. Fees are paid in advance.

For fees deducted directly from client accounts, in states that require it, TREC will:

- (A) possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) send the qualified custodian written notice of the amount of the fee to be deducted from the client's account and verify that the qualified custodian sends invoices to the client.
- (C) send the client a written invoice itemizing the fee upon or prior to fee deduction, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

### *Payment of Pension Consulting Fees*

Asset-based pension consulting fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis, or may be invoiced and billed

directly to the client on a monthly basis. Clients may select the method in which they are billed. Fees are paid in advance.

Fixed pension consulting fees are paid via check. These fees are paid 100% in advance, but never more than six months in advance.

### ***Payment of Selection of Other Advisers Fees***

Fees for selection of AssetMark Trust Company as third-party adviser are withdrawn directly from the client's accounts with client's written authorization. Fees are paid quarterly in advance.

Fees for selection of SEI Private Trust Company as third-party adviser are withdrawn directly from the client's accounts with client's written authorization. Fees are paid quarterly in advance.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid via check and wire.

Fixed financial planning fees are paid 100% in advance, but never more than six months in advance.

Hourly financial planning fees are paid 100% in advance, but never more than six months in advance.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by TREC . Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

TREC collects fees in advance. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

For hourly fees that are collected in advance, the fee refunded will be the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed up to and including the day of termination.

## **E. Outside Compensation For the Sale of Securities to Clients**

Nicholas Dean Kennedy is a registered representative of a broker-dealer and an insurance agent and in these roles, accepts compensation for the sale of investment products to TREC clients.

### ***1. This is a Conflict of Interest***

Supervised persons may accept compensation for the sale of investment products, including asset based sales charges or service fees from the sale of mutual funds to TREC's clients. This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of investment products for which the supervised persons receives compensation, TREC will document the conflict of interest in the client file and inform the client of the conflict of interest.

### ***2. Clients Have the Option to Purchase Recommended Products From Other Brokers***

Clients always have the option to purchase TREC recommended products through other brokers or agents that are not affiliated with TREC.

### ***3. Commissions are not TREC's primary source of compensation for advisory services***

Commissions are not TREC's primary source of compensation for advisory services.

### ***4. Advisory Fees in Addition to Commissions or Markups***

Advisory fees that are charged to clients are not reduced to offset the commissions or markups on investment products recommended to clients.

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

TREC does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

TREC generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Municipalities

There is no account minimum for any of TREC's services.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

TREC's methods of analysis include Charting analysis, Cyclical analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis and Technical analysis.

**Charting analysis** involves the use of patterns in performance charts. TREC uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

## *Investment Strategies*

TREC uses long term trading, short term trading, short sales and margin transactions.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **B. Material Risks Involved**

#### *Methods of Analysis*

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these



patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

### ***Investment Strategies***

TREC 's use of short sales and margin transactions generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

**Selection of Other Advisers:** TREC 's selection process cannot ensure that money managers will perform as desired and TREC will have no control over the day-to-day operations of any of its selected money managers. TREC would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

**Short sales** entail the possibility of infinite loss. An increase in the applicable securities' prices will result in a loss and, over time, the market has historically trended upward.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

TREC 's use of short sales and margin transactions generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Risks in investing in ETFs include trading risks, liquidity and shutdown risks, risks associated with a change in authorized participants and non-participation of authorized participants, risks that trading price differs from indicative net asset value (iNAV), or price fluctuation and disassociation from the index being tracked. With regard to trading risks, regular trading adds cost to your portfolio thus counteracting the low fees that one of the typical benefits of ETFs. Additionally, regular trading to beneficially “time the market” is difficult to achieve. Even paid fund managers struggle to do this every year, with the majority failing to beat the relevant indexes. With regard to liquidity and shutdown risks, not all ETFs have the same level of liquidity. Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets. ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments (as applicable). Foreign securities in particular are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with

that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another and losses may be magnified if no liquid market exists for the ETF’s shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Private placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Venture capital funds** invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity,

supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

As a registered representative of Purshe Kaplan Sterling Investments, Nicholas Dean Kennedy accepts compensation for the sale of securities.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither TREC nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Nicholas Dean Kennedy is a registered representative of Purshe Kaplan Sterling Investments and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. TREC always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of TREC in such individual's capacity as a registered representative.

Nicholas Dean Kennedy is an independent licensed insurance agent, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. TREC always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of TREC in connection with such individual's activities outside of TREC.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

TREC may direct clients to third-party investment advisers to manage all or a portion of the client's assets. Clients will pay TREC its standard fee in addition to the standard fee for the advisers to which it directs those clients. This relationship will be memorialized in each contract between TREC and each third-party advisor. The fees will not exceed any limit imposed by any regulatory agency. TREC will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. TREC will ensure that all recommended advisers are licensed or notice filed in the states in which TREC is recommending them to clients.

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

### **A. Code of Ethics**

TREC has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting

Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. TREC 's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

TREC does not recommend that clients buy or sell any security in which a related person to TREC or TREC has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of TREC may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of TREC to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. TREC will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of TREC may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of TREC to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, TREC will never engage in trading that operates to the client's disadvantage if representatives of TREC buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on TREC 's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and TREC may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in TREC 's research efforts. TREC will never charge

a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

TREC will require clients to use Schwab Institutional, a division of Charles Schwab & Co., Inc., AssetMark Trust, SEI Private Trust Company, TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC and Fidelity Brokerage Services LLC.

### ***1. Research and Other Soft-Dollar Benefits***

While TREC has no formal soft dollars program in which soft dollars are used to pay for third party services, TREC may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions (“soft dollar benefits”). TREC may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client’s transactions paid for it, and TREC does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. TREC benefits by not having to produce or pay for the research, products or services, and TREC will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that TREC’s acceptance of soft dollar benefits may result in higher commissions charged to the client.

### ***2. Brokerage for Client Referrals***

TREC receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

TREC will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

If TREC buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, TREC would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. TREC would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

## **Item 13: Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for TREC 's advisory services provided on an ongoing basis are reviewed at least Annually by Nicholas D Kennedy, President, COO, with regard to clients' respective investment policies and risk tolerance levels. All accounts at TREC are assigned to this reviewer.

There is only one level of review for subscription services, which is TREC 's review prior to rendering the subscription advice.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Nicholas D Kennedy, President, COO. Financial planning clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

With respect to financial plans, TREC 's services will generally conclude upon delivery of the financial plan.

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of TREC 's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

TREC does not provide reports relating to its subscription services.

Each financial planning client will receive the financial plan upon completion.



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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

TREC does not receive any economic benefit, directly or indirectly from any third party for advice rendered to TREC's clients.

With respect to Schwab, TREC receives access to Schwab's institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For TREC client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to TREC other products and services that benefit TREC but may not benefit its clients' accounts. These benefits may include national, regional or TREC specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of TREC by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist TREC in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of TREC's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of TREC's accounts. Schwab Advisor Services also makes available to TREC other services intended to help TREC manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to TREC by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or

a part of the fees of a third-party providing these services to TREC. TREC is independently owned and operated and not affiliated with Schwab.

TREC participates in the institutional advisor program (the "Program") offered by TD Ameritrade. TD Ameritrade offers to independent investment advisor services which include custody of securities, trade execution, clearance and settlement of transactions. TREC receives some benefits from TD Ameritrade through its participation in the Program.

As part of the Program, TREC may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between TREC's participation in the Program and the investment advice it gives to its clients, although TREC receives economic benefits through its participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving TREC participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have TREC's fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to TREC by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by TREC's related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit TREC but may not benefit its client accounts. These products or services may assist TREC in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help TREC manage and further develop its business enterprise. The benefits received by TREC or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, TREC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by TREC or its related persons in and of itself creates a conflict of interest and may indirectly influence TREC's choice of TD Ameritrade for custody and brokerage services.

## **B. Compensation to Non - Advisory Personnel for Client Referrals**

TREC does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, TREC will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

TREC provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, TREC generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

## **Item 17: Voting Client Securities (Proxy Voting)**

TREC will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

TREC neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither TREC nor its management has any financial condition that is likely to reasonably impair TREC's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

TREC has not been the subject of a bankruptcy petition in the last ten years.