



Doing Business As

**ITS Asset Management
PTS Asset Management
Portfolio Timing Service**

ADV Part 2A

March 31st, 2023

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This Brochure provides information about the business practices of ITS Asset Management, L.P. and PTS Asset Management, LLC (referred to, collectively, as "Advisor"). The Advisor, ITS Asset Management and PTS Asset Management, operating collectively under the name ITS Asset Management, L.P. is a Registered Investment Adviser. Registration of an investment adviser does not imply any level of skill or training.

If you have any questions about the contents of this brochure, please contact us at the telephone number listed above or via electronic mail directed to customerservice@itsconnect.com. Additional information about ITS is also available on the SEC's website at www.adviserinfo.sec.gov. The client can search this site by a unique identifying number, known as an IARD number. The IARD number for ITS Asset Management is 106977.

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.

ITEM 2 - MATERIAL CHANGES

SUMMARY OF MATERIAL CHANGES

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) www.adviserinfo.sec.gov.

The following material changes have been made to our Firm’s Disclosure Brochure since our last Annual Amendment Filing dated February 28, 2022.

Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION

COMPENSATION PAID/PAYMENTS MADE BY ADVISOR

Reference to the revenue sharing arrangement between PTS and NEXT Financial Group has been removed as PTS no longer manages any client assets placed in its models by advisors of NEXT Financial Group.

COMPENSATION/BENEFITS RECEIVED BY ADVISOR

Providing Portfolio Models and Periodic Model Rebalancing Information to Other Advisory Firms – This section has been completely removed as ITS no longer actively participates in nor receives compensation from such arrangements as described in this section.

Economic Benefits – Custody Charge Offset - This section has been completely removed as there has been no such offset for several years. This does not impact any investment costs or management fees of the client.

Item 17 – Proxy Voting

This section added instructions regarding receipt of proxies for clients from their custodian and how to contact the Advisor with questions regarding proxy voting.

Item 18 – Financial Information

The annual consolidated balance sheet was updated.

Throughout the document the word “may” has been removed from the document and replaced with “can”, “might”, “will” or “could”.

Currently, a free copy of our Brochure can be requested by contacting us at 1-800-765-4877.

We encourage the client to read this document in its entirety.

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ITEM 4 - ADVISORY BUSINESS

ITS ASSET MANAGEMENT

BRIEF FIRM HISTORY

ITS has been in the investment advisory business as an asset manager since 1970. The firm originated as Investment Timing Services, Inc., a Pennsylvania corporation. Presently a limited partnership, ITS has been registered with the Securities and Exchange Commission since February 1971. Originally focused in Pittsburgh, PA and other select cities, ITS currently provides management services to clients nationwide. Jon W. Erdner, who joined the firm's sales and marketing force in 1976, became the sole owner of ITS in 1988 and maintained ownership until July 1, 2020, when Wadsworth Family, LLC became the owner of ITS. The Wadsworth Family, LLC is owned by various members of the Wadsworth family. Wadsworth Family, LLC also owns PTS Asset Management, which following its withdrawal as an SEC registered advisory firm, now operates as a dba of ITS, the surviving SEC registrant. William F. Wadsworth Jr., the Manager of ITS, is a member of the Wadsworth Family, LLC. Presently, Jon Erdner continues to serve as the Chief Investment Officer of ITS, providing a wealth of research, insight, and industry experience.

ITS'S MANAGED STRATEGIES

ITS offers several management programs each with a preset "style" or approach to the investment markets. This enables ITS to accommodate clients who have differing risk tolerances and investment objectives as determined by the client and his/her personal financial professional. The programs are shown at right:

MANAGED INVESTMENT STRATEGIES

- Dynamic Conservative
- Dynamic Moderate
- Dynamic Growth
- Global Premier
- Income Plus

The aptly-named Dynamic strategy features "equity-to-fixed income allocation shifting" wherein the percentage of portfolio assets assigned to either equity or fixed income investments can be adjusted upward or downward at reallocation points in response to ITS's analysis of market outlooks. The Global Premier strategy features sector rotation, allowing sectors to be rotated up/down or completely out of the portfolio in favor of a more promising sector(s), based on ITS's outlook for the markets and the underlying sectors at reallocation points. Finally, our Income Plus utilizes primarily fixed income investments, and an optional satellite equity position, with a focus on income generation.

ITS utilizes mutual funds and exchange-traded funds or "ETF's" as the investment vehicles of choice in our managed strategies and portfolios. Mutual funds offer diversification and exposure to many investment styles, asset classes, and market sectors. The management team of an individual mutual fund typically concentrates in specific areas of investment. For example, managers of a natural resources fund will research several, sometimes hundreds of companies in the mining, timber, oil, and other related natural resources industries prior to investing in the companies that meet their due diligence standards. Thus, by using mutual funds, ITS is able to leverage the expertise of the fund managers in their area of specialization to fill desired areas of exposure in our managed portfolios.

While ETF's also offer diversification and exposure across various investment styles, asset classes, and market sectors, an ETF can be considered a more passively-managed investment when compared to a mutual fund. In most cases, constant readjustments to an ETF's underlying holdings do not occur.

Rather, an ETF, by design, typically holds a static selection of securities compiled for the purpose of tracking or mirroring the performance of a market index. ITS can, from time to time, elect to utilize an ETF that holds direct exposure to a specific commodity (i.e. a physical product or resource) rather than indirect exposure through the stocks of companies involved in the production or processing of that commodity. For example, an ETF can have direct exposure to gold, the metal itself, with assets backed by the metal, rather than an ETF investing in the stocks of various gold mining companies.

PORTFOLIO DESIGN

ITS follows its “Disciplined Active Portfolio Management” or “DAPM” formula in each of its managed strategies to combine the flexibility of an active management approach with the discipline of a structured portfolio framework. Client assets are invested in accordance with the structured portfolios ITS has designed for each program. Each program portfolio adheres to a disciplined “framework” that is comprised of the four key elements shown below:

1. Investment types
2. Asset allocation range
3. Number of “positions”
4. Transaction frequency

Investment types refers to the kind of funds utilized in the portfolio (i.e. stock or equity funds, bond or fixed income funds, inverse funds, or money market funds). Asset allocation range controls what percentage of the portfolio is held in equities vs. fixed income funds. Number of positions

delineates the portfolio’s diversification among a variety of different asset categories and market sectors, the availability of which can vary between each ITS program. Some examples of fixed income categories/sectors are: corporate, government, high yield, and world bond. Examples of equity categories/sectors are: financials, industrials, large/mid/small caps, precious metals, and emerging markets. Finally, transaction frequency refers to how often ITS conducts reallocation trading in the program.

Working hand-in-hand with the disciplined framework of each managed program is the active or “adaptive” component of our DAPM approach. There are also four key elements that comprise this component, shown at right:

1. Proprietary research and analysis
2. Asset/sector selection and weighting
3. Fund selection
4. Portfolio rebalancing and reallocation

ITS reviews both technical and fundamental data as well as following a variety of economic and market indicators in the U.S. and abroad in its research and analysis processes. We then apply our research to the particular program’s portfolio framework in determining the investment types and weighting and which asset categories and sectors to utilize. Next, we screen the available individual funds within the categories and sectors, as determined by the investment platform being utilized, prior to making the fund selections. All ITS programs have a monthly reallocation trading capability. This means that a change could be made to category/ sector positions and underlying funds on a monthly basis.

CUSTODIAL ARRANGEMENTS

ITS's advisory services can be utilized with accounts held at select custodial investment platforms. Currently available platforms include, but might not be limited to those shown at right. There is no affiliation between the independent custodial platforms and ITS. Oversight of these custodial entities is conducted by their respective state and/or federal regulators.

- Constellation Trust Company (CTC)
- Fidelity Institutional (FCCS)
- Millennium Trust Company (MTC)

These platforms were selected by ITS based on their ability to meet the criteria necessary for ITS to administer its managed programs effectively and in a manner that takes into consideration the best interests of our clients. One important factor common to all of the listed platforms is that each offers a large universe of available mutual funds covering a wide variety of market sectors and styles. Additionally, ETF's (including several transaction fee-free ETF's) could be available to ITS on select platforms. This means that ITS can allocate its program portfolios towards the investment categories and market sectors that we favor as we diversify a client's account in accordance with the ITS program selected by the client. Perhaps the most attractive feature of the approved investment platforms is the ability to minimize investment and trading costs to the client. When using mutual funds, ITS has the ability to focus on selecting only no-load or load-waived funds, so there are no sales charges to the client upon investment. Additionally, the platforms offer a wide variety of no-transaction-fee or transaction-fee-waived funds. When these funds are utilized, no transaction fees are charged to the client when ITS conducts its program trading (buying and/or selling shares of individual funds) to allocate, reallocate, or rebalance a client's account in accordance with the ITS program selected by the client. While ITS generally seeks to utilize mutual funds and ETF's that are transaction fee-free, there are instances when a mutual fund that imposes a transaction fee could be selected, or instances where a transaction fee-free ETF is not available. In such instances, a client's account will be subject to any applicable transaction charges. It is important to note that certain transaction fee-free mutual funds and ETF's can impose short-term redemption fees which cannot always be avoided in ITS's managed strategies (see *Investment, Custodial & Regulatory Costs/Charges*, pages 11-12, for more information).

ACCOUNT MINIMUMS

In order for a client to engage the services of ITS for management of his/her investment assets, each of the client's accounts on an *individual basis* must meet our minimum account size of \$30,000. The minimum is the same regardless of the custodian chosen.

The per-account minimum stated above is not applicable to the accounts of individual participants in employer-sponsored SIMPLE IRA plans or 401(k) plans. The minimum for SIMPLE IRA accounts is \$5,000. The minimum for 401(k) plan participant accounts is \$500 (an exception could apply for legacy plans/platforms). Participants in these plans must wait until their account balance reaches the minimum applicable to their type of account before they can elect ITS management. ITS's management could be provided to 401(k) plans at select investment platforms only; an overall plan size minimum could apply.

MODEL-BASED ADVISORY SERVICES

As described earlier, ITS's management programs each offer a preset approach to the investment markets using managed portfolios comprised of mutual funds and ETF's. ITS's buy and sell decisions are made with a focus on the primary objectives of the individual management program. ITS's "DAPM"

formula described earlier guides the investment decisions made within each of our strategies and portfolios. Thus, our portfolio management decisions are not customized or tailored to the particular or individual needs of any client.

Oftentimes, the client's financial professional can obtain personal and financial information from the client through an interview and/or the completion of a "profiling" or suitability questionnaire. The financial professional can use the information gathered to help guide the investment planning and selection process for the client. The information can also be used by the financial professional to assist the client in selecting an ITS management program. ITS, however, does not require, request, or review any questionnaires that could have been completed for these purposes. As stated above, ITS formulates its investment advice around the management program's discipline and objectives rather than around individual client financial circumstances or obligations.

Other than placing reasonable restrictions on their accounts, often to accommodate periodic cash flows or, very rarely, to restrict the use of a specific security, clients leave the investment decisions to ITS. In other words, ITS has "discretionary" authority in connection with client accounts. This simply means that ITS is not required to obtain a client's consent prior to each buy or sell of a particular security, or prior to determining the allocation amount to each security that will be purchased or sold for the managed account (see also Investment Discretion, page 30). ITS can exercise its authority to replace a fund(s) or an asset category or sector used within any of its managed programs, at our discretion. At times, it might be necessary for ITS to replace funds that have become restricted or no longer available for use in managed strategies and portfolios.

ITS exercises only a limited discretionary authority which is used only for purposes of managing the assets of the client in accordance with the ITS program preselected by the client, and on the custodial investment platform agreed to by the client. Only the client can authorize a change in custodian or management program. Other than the trading, advisory fee liquidation, and limited cash movement authorizations (facilitation of redemptions/withdrawals per client instruction) granted by the client to ITS via the custodial account forms, ITS conducts no other buying or selling nor makes any other investment decisions on behalf of the client.

INDEPENDENT DATA MANAGEMENT PROVIDER

ITS uses Orion Advisor Services, based in Omaha, NE, as an independent provider of client data management services. Orion is the "conduit" that links ITS with client account data provided from the client's account custodian via secure electronic transfer. Orion provides access to current account information such as daily account values and holdings, as well as storing the historical transaction data for client accounts. The technology provided by Orion enables ITS to perform necessary functions including trading and trade verification, advisory fee billing, performance computation and account reporting, among others. Orion has stringent controls in place to support the security of client account information and the accuracy of its data management and computational functions. On an annual basis, the operational effectiveness of Orion's systems are reviewed by an independent auditor, and Orion makes this report available to ITS.

PTS ASSET MANAGEMENT

INVESTMENT ADVISORY SERVICES

Our mission statement is to participate during rising markets and to preserve during declining markets. We attempt to achieve our mission by allocating client accounts into investments that buy domestic equity, international equity, insurance products, or bond positions when the markets and the economy appear favorable to our Investment Committee. During periods that appear unfavorable, our mission is to allocate a portion or all of a client account to money market funds or to more defensive positions.

The Client Application signed by the client grants PTS a limited power of attorney to implement the management strategy on a discretionary basis. This includes the right of PTS to affect all trades with the designated custodian, at the discretion of the Advisor, without prior notice to client.

The Advisor offers four different risk tolerance/model portfolios to seek to achieve its mission: Conservative, Moderate, Growth and Allocation Plus. Prior to completing the Client Agreement, the Solicitor and client select the model that best matches the client's risk tolerance. The chart below illustrates the maximum target allocation to each of the asset classes:

Conservative Model		Moderate Model		Growth Model	
Domestic Stocks	40%	Domestic Stocks	60%	Domestic Stocks	100%
Global/International Stocks	40%	Global/International Stocks	60%	Global/International Stocks	100%
Bonds	70%	Bonds	80%	Bonds	100%
Money Markets	100%	Money Market	100%	Money Market	100%

Allocation Plus is a more aggressive model and offered only on a platform. Unlike the traditional model, Allocation Plus offers:

- Minimum target (20%) and maximum target (60%) allocations for each asset class.
- Target for Domestic 20%-60%, International 20-60%, Bonds 20-60%.
- The money market fund is not an option.
- This product will always be fully invested and as a result have a higher beta (more risk) than the traditional Advisor service offerings.
- A wider array of asset classes will be considered, including short funds, leveraged funds, and specific sectors such as gold.
- With short funds being an option, Allocation Plus has the potential to post positive results during a market decline.
- Investors should be aware that a loss could also result.

Allocation Plus can utilize short or inverse funds which are subject to increased risks and is not suitable for all clients. The fund's use of derivatives such as futures, options, and other instruments will expose clients to additional risk. Theoretically, securities sold short have the risk of unlimited losses and therefore clients could lose 100% of their investment. The more the fund invests in leveraged instruments, the more the leverage will magnify any gains or losses on those investments. The fund is

considered non-diversified and changes in the market value of a single security could cause greater fluctuations in the value of fund shares. Securities are not deposits or obligations of any bank, are not guaranteed by any bank, and are not insured by the FDIC. As always, clients should always review the prospectus prior to investing.

ACCOUNT MINIMUMS

Our account size minimum is negotiable, but we encourage accounts of \$50,000 or more.

ASSETS UNDER MANAGEMENT

Assets under management total approximately \$285,758,456,. This represents total discretionary regulatory assets under management of both ITS Asset Management and PTS Asset Management, and is based on the market value of managed accounts as of December 31, 2022. The total assets amount is impacted not only by new or cancelled accounts, but also by daily fluctuations in the market value of the assets. The Firm has no non-discretionary assets under management.

ITEM 5 - FEES AND COMPENSATION

ITS ASSET MANAGEMENT

ADVISORY FEES

ITS is compensated for the investment advisory (i.e. portfolio management) services it provides to its clients through an advisory fee charged to the clients. The fee is calculated as a percentage of the total asset value of the client's ITS-managed account. At the present time, the annual advisory fee rate can vary among ITS's current clients using the same ITS program. One thing has remained unchanged over the years—our maximum annual advisory fee to our clients has never exceeded 2.00%.

CURRENT FEE SCHEDULE

The fee shown below is the maximum ITS annual advisory fee, regardless of account size, at all investment platforms where the indicated management program is available.

	Dynamic, Global Premier	IP
All types of individual, business, self-directed (401k, 403b, etc.) and sponsor-directed (401k, PSP, DBP, etc.) retirement accounts	2.00%	1.00%

*Fee shown is total ITS fee to client. There is no additional charge from ITS for solicitor fee payment to the client's financial professional.

Variation in the fee rate among clients could result from factors such as the account's inception date at ITS, account or household asset size, whether the account is an ITS employee or solicitor account eligible for a reduced rate, or if it participates in an employer-sponsored retirement plan (where advisory and other fees can vary from plan to plan). There are also other factors that could impact the advisory fee rate such as special arrangements negotiated between ITS and outside strategic partner firms that refer clients to ITS. Clients can refer to their copy of the ITS disclosure materials or ITS New Account

Application that was provided for their records if they are unsure of the annual advisory fee rate being assessed on their managed account. Clients can also review their account statement provided directly by the custodian (i.e. Fidelity, Constellation, etc.) which will include an entry for the quarterly advisory fee deduction, from which the annual rate is calculated. Clients can also contact their financial professional or ITS directly for this information.

While ITS's advisory fee is generally not negotiable, consideration could be given in select circumstances based on account size or other factors at the discretion of ITS. Additionally, some flexibility (limited to specific platforms) is built into the current fee schedule for Dynamic and Global Premier accounts valued at \$100,000 and above. On these accounts, the client's financial professional can, at his/her discretion, elect to reduce the solicitor fee reallocation he/ she receives from ITS in accordance with fee reallocation guidelines established by ITS. The fee reduction is passed on directly to the client, effectively reducing the annual advisory fee rate. More information about the relationship between ITS and solicitors (i.e. financial professionals who refer their clients to ITS) is provided to the client in the Solicitor's Separate Disclosure Statement. This document is included as an integral part of the ITS New Account Application and requires acknowledgment and signature of the client. (Additional information can be found under the section entitled Client Referrals and Other Compensation, beginning on page 27 of this Disclosure Brochure.)

PAYMENT OF ADVISORY FEE

ITS's advisory fee is paid through automatic liquidation (redemption of shares) from the client's account. The fee is assessed on a calendar quarterly basis, either in advance or in arrears, dependent on the custodian selected by the client. Therefore, the advisory fee amount liquidated each quarter, and appearing on the client's custodial account statement, is calculated at a rate of one-quarter of the annual rate indicated on the client's ITS New Account Application (or in accordance with the schedule of fees agreed upon for the retirement plan). Through the automatic fee liquidation process, the custodian of the client's account collects and distributes the advisory fees to ITS. To maintain sufficient liquidity for the advisory fee deduction, an approximate 1% money market allocation can be maintained in the client's managed account, where applicable.

The following table shows the procedure (depending on the billing procedure of the custodial platform the client utilizes) followed in the deduction of the ITS advisory fee from the client's account once the client's assets to be managed are received (either by transfer to or new investment) at the custodial investment platform selected by the client:

	Fees Assessed in Advance (Fidelity; CTC)	Fees Assessed in Arrears (MTC)
New Account— Received Intra-Quarter:	Fee prorated to end of calendar quarter is deducted immediately based on value of asset transfer to or new investment at custodial platform	Prorated fee for the partial quarter is deducted within the first few weeks of the following quarter and is based on the account's average daily balance of the account during the preceding partial quarter.
Established Account— Full Quarter:	Full quarterly fee is deducted within the first few weeks of the current calendar quarter and is based on account's value on last business day of preceding quarter	Full quarterly fee is deducted within the first few weeks of following quarter and is based on the average

		daily balance of the account during the preceding quarter.
Addition/Deposit to Account	Fee prorated to end of calendar quarter is deducted immediately based on value of addition/deposit	Fee is deducted within the first few weeks of the following quarter. Addition/deposit amount is included in the average daily balance calculation.

REFUND OF ADVISORY FEE

A client of ITS can cancel the advisory services of ITS at anytime so desired. Otherwise, the ITS Client Agreement will remain in effect until either party (ITS or client) to the Agreement receives written notice from the other to cancel the Agreement. Requests to cancel must be accompanied by the client's signature and will not be processed solely on the request of the client's financial professional.

In reference to cancellations, on accounts where the quarterly advisory fee is prepaid or liquidated in advance, the fee is refunded on a prorated basis through the date of receipt of the cancellation request. On accounts where the quarterly fee is paid or liquidated in arrears, the fee is deducted from the account prior to cancellation, with the fee accrual method varying dependent on the custodial platform being used. In relation to partial withdrawals from active accounts, no adjustments to prepaid fees are made for monies withdrawn during the advisory fee period.

INVESTMENT, CUSTODIAL & REGULATORY COSTS/CHARGES

As indicated in the Advisory Business section of this Disclosure Brochure, one of the key reasons for ITS offering its management programs at select institutional brokerage platforms is the ability to offer minimized costs to our clients. The availability of no-load and load-waived mutual funds allows for the elimination of sales charges on the initial investment and/or subsequent purchases or sales. Additionally, no-transaction fee mutual funds and transaction fee-free ETF's (where available) enable buys and sells of these products that are free from transaction fees. Each approved platform provides some type of these lower-cost options. (On client-initiated transfers from one investment platform to another, it is possible for a transaction fee to be assessed at the new platform on a fund(s) that was held at the prior platform and on which no transaction fees applied. This is due to differences in the "no-transaction-fee" or "transaction-fee" status of the fund(s) at the respective platforms. ITS is not liable for transaction fees assessed as a result of a transfer between investment platforms.)

Mutual fund and ETF investors, including clients of ITS, are subject to the internal management expenses of the funds which are reflected in the price of a fund's shares. If and when it is determined by ITS that a transaction-fee mutual fund will be utilized, the client is subject to any transaction fee that is imposed. Additionally, some investment companies as well as brokerage platform custodians (i.e. Fidelity; etc.) can levy short-term redemption fees on certain mutual funds and/or ETF's. Redemption fees are fees charged when fund shares are sold within a relatively short period, usually less than 30 days, after having been purchased. ITS does not levy nor does it share in the receipt of any part of these expenses or fees; however, clients remain subject to these costs. The fact that short-term redemption fees could be associated with certain mutual funds or ETF's does not exclude them for consideration in ITS portfolios, as the funds could merit inclusion based on other factors considered by ITS when making

fund selections. ITS's programs do not incorporate very frequent or excessive trading into and out of individual funds, helping to keep short-term redemption fees to a minimum. It is important for clients to be aware that the timing of client-initiated transactions (i.e. a partial withdrawal, a contribution, strategy change request, full liquidation, etc.) within an ITS-managed account can trigger such redemption fees. This could occur if 1) part or all of the assets needed to satisfy a redemption amount is held in a fund that levies redemption fees and the fund has not been held in the managed account for the required time period, and 2) rebalancing (buys/sells) of account holdings to the strategy model is required following withdrawals, contributions, or strategy changes.

Other specific fees that can be charged by the custodian of client accounts are transfer fees, wire fees, bounced check fees, and account termination fees. One situation when charges could apply is when a client's assets [to be managed by ITS] are held in individual securities (i.e. stocks, bonds) at the time of their transfer to the brokerage platform to be used in conjunction with ITS management programs. The individual securities must then be sold by ITS and the proceeds invested in the mutual funds and/or ETF's being utilized in the ITS managed program selected by the client. The custodian can assess to the client transaction or "ticket" charges on this trade order. Accounts of individual participants in employer-sponsored 401(k) retirement plans can also be subject to custody charges in addition to administrative/recordkeeping charges. ITS has no control over nor does it share in the receipt of any of these custodial charges or fees.

The government also assesses and charges investors a regulatory fee on sales of covered equity securities such as ETF's. While the fee is only a few cents per \$1,000 of the principal sale amount (the fee rate can be adjusted annually or semi-annually), all securities exchanges are required to pay this fee to the SEC based on the volume of all covered securities sold on the exchanges. The fee is used by the SEC to recover the costs incurred for supervising and regulating the securities markets and securities professionals.

Prospective investors and clients should not hesitate to ask their financial professional to explain any possible charges relative to their investments.

OTHER COMPENSATION

ITS provides services as an investment advisor only and does not operate as a broker or dealer in buying or selling securities for compensation. Neither does ITS hold a proprietary interest in any of the funds it selects for use in its managed strategies or portfolios. As described in this Disclosure Brochure, ITS makes its management programs available for new business at select institutional brokerage platforms where we can build our managed strategies and portfolios from a broad universe of mutual funds and ETF's while seeking to keep investment costs minimized for clients.

ITS receives an advisory fee for its services, and those financial professionals who recommend our services to their clients are compensated by ITS through a solicitor's fee. Neither ITS nor the financial professional receive any type of brokerage compensation (i.e. mutual fund commissions, trails) from the currently available institutional brokerage platforms in connection with providing or recommending the ITS advisory services to clients. (See also Client Referrals and Other Compensation, beginning on page 27, for more information.) Essentially, no conflict between the interests of the client and those of ITS and/or the financial professional is created in relation to the use of the available institutional platforms. This is because no monetary incentive (i.e. proprietary fund ownership interest; commissions; trails) exists to promote, recommend, or sell any particular fund(s) in connection with ITS's management

services. See PTS Asset Management section below which describes where conflicts of interest could exist for PTS clients.

Prospective clients could invest in the same or similar funds as utilized by ITS in its management programs through other brokers or financial professionals who do not work with ITS. It is possible that the charges or fees to the client could be less than those related to ITS's services. However, it is also important to note that in many cases purchases might not be load-free, and transaction fees or other charges could apply when buys or sells are made within the client's account. Once again, prospective investors and clients should not hesitate to ask their financial professional to explain any possible charges relative to their investments.

PTS ASSET MANAGEMENT

The method of payment for the Advisor's fee is selected by the client and is collected by various means including: deducting the fee from the client assets being managed; deducting the fee from a non-managed account; completing the Advisor ACH form and debiting the fee from the institution designated by the client; or by direct bill. Client selecting the direct bill option will be mailed an invoice by Advisor for prompt payment. In some cases, deducting the Advisor fee from an client account could result in additional fees due to hold periods imposed by the underlying mutual fund or custodian. Furthermore, if the client directs Advisor to deduct the fee from an IRA, variable annuity or other qualified account, additional fees or penalties can result. Under certain situations, account minimums, the fee percentage, and the billing cycle can be negotiated. Some clients could pay more than others and the Advisor sets the fee. In the event that an client cancels the agreement prior to the end of the billing period, a pro-rata refund is paid. Compensation of approximately 50% of the fee will be paid to Solicitors who refer clients to the Advisor. The client is required to pay a management fee to the Advisor as well as a management fee to the selected underlying investment company. For personal accounts of Solicitors, the finders/referral portion of the fee could be reduced or waived, decreasing the annual Advisor fee. The Advisor can waive the advisory fee for accounts of friends and family.

In addition to acting as a Solicitor for the Advisor, a registered representative can also act in the capacity of a broker or agent and effect securities transactions for typical and customary compensation. Also, investment advisor representatives of the Advisor can also be registered representatives and effect securities transactions for compensation. Clients are not obligated to use investment advisory representatives of the Advisor to execute such securities transactions. This practice presents a potential conflict of interest by creating an incentive to recommend investment products based on the compensation received, rather than on an client's needs. The client will be informed of these fees in advance of the execution of the transaction. Additionally, certain investment advisor representatives of the Advisor can also be licensed insurance professionals who earn commission-based compensation for selling insurance products to clients. These commissions earned are separate from and in addition to advisory fees. This practice presents a conflict of interest as an advisory person who is an insurance professional has an incentive to recommend insurance products for the purpose of generating commissions rather than solely based on client needs. ITS addresses this conflict through disclosure and strives to make recommendations which are in the best interests of its clients. Clients are under no obligation to purchase insurance products through any person affiliated with ITS.

The Advisor offers its advisory services to client accounts that primarily fall into one of the following two categories and both types of client accounts are physically held by qualified custodians – those accounts are called: Platform and Non-Platform accounts. The assets of the client accounts maintained on the

Platform are held by companies that are institutional custodians. The two primary institutional custodian Platforms available at this time are Millennium Trust Company and Axos Advisor Service. Both institutional custodians provide a host of services to the Advisor which include but are not limited to block trading, streamlined fee billing and the offering of thousands of investment options for the Advisor to select from and many of these options could potentially reduce the cost associated with investing. The Non-Platform client accounts are all the remaining client accounts not held on the Platform, but rather, many of these Non-Platform client accounts are held directly at registered investment companies (i.e., mutual funds) or by variable annuity insurance companies.

Both Platform and Non-Platform client accounts remain subject to the internal expenses associated with investments made in mutual funds and variable annuities. Some of these fees include expenses such as 12b-1 fees, servicing fees, management fees, etc. These expenses will vary, which is why it is important that the client read the prospectus and disclosure documents to understand the underlying fees associated with investing.

NON-PLATFORM ACCOUNTS

The Advisor fee structure for client accounts managed or custodied at a mutual fund, variable annuity, savings plan, or other non-platform investment company employs a stepped scale, charging a percentage of the assets under management as illustrated below.

Non-Platform Fee Schedule	Annual Fee
\$50,000 to \$250,000	2.25%
\$250,001 to \$500,000	2.00% of amount over \$250,000
\$500,001 to \$1,000,000	1.75% of amount over \$500,000
\$1,000,001 and over	Negotiable

Typically the fee for amounts invested during a billing cycle will be prorated for the remaining portion of the period in which the investment is made. Fees for the additional amounts invested are payable when the additional amounts are deposited. The fees for subsequent cycles are based on the ending market value as of 12/31 and 6/30 of each year.

For Non-Platform client accounts, the Advisor fee is shared with the Solicitor as a result of the Solicitor establishing Non-Platform client accounts. Unlike Platform accounts, solicitors will receive trailing brokerage compensation (12b-1 fees, administrative fees, etc.) in addition to the sharing of the Advisor fee. These accounts were previously opened by the Solicitor at Non-Platforms with registered investment companies (i.e. mutual funds, variable annuity) prior to the Solicitor and client engaging the Advisor for management of the Non-Platform client Account. The 12b-1 fees are paid by the mutual fund companies directly to the FINRA-member firm (also known as a broker-dealer) with which the Solicitor is registered as a Registered Representative. The FINRA-member firm then distributes a portion of the 12b-1 fees directly to the Solicitor. PTS does not receive any portion of these brokerage fees. However, the General Partner of Advisor William F. Wadsworth is a registered representative with Integrated Financial Planning Services (IFPS), CRD #17935, SEC #35120 a FINRA registered broker-dealer. Clients that use Mr. Wadsworth in the capacity as a registered representative will incur transactional costs (12b-1 fees, administrative fees, etc.) in addition to the management fee for advisory services. If transactional costs are paid, this creates a conflict of interest. Mr. Wadsworth addresses this conflict of interest by disclosing to all clients prior to initiating any transactional related business the amount of additional cost.

PLATFORM ACCOUNTS

The Advisor's fee structure for client accounts managed on an investment platform such as Millennium Trust Company, Folio Institutional or Trust Company of America follows the schedule below. The fees are calculated on the market value at the end of each quarter based on a calendar year. (12/31, 3/31, 6/30, 9/30) Under certain situations, account minimums, the fee percentage and billing cycle can be negotiated. Some clients could pay more than others and the Advisor sets the fee. If requested, client accounts managed on the platform will receive statements directly from the platform. Client accounts managed off platform will be billed using PTS's traditional fee structure described above.

Platform Fee Schedule	Annual Fee
\$50,000 to \$250,000	2.00%
\$250,001 to \$500,000	1.75% of amount over \$250,000
\$500,001 to \$1,000,000	1.50% of amount over \$500,000
\$1,000,001 and over	Negotiable

For non-platform accounts and platform accounts, client should know that all fees paid to the Advisor for investment advisory services are separate and distinct from the fees associated with the mutual funds, variable annuities or the underlying custodian. Each of these entities generally has additional fees and or commissions. Please carefully review the mutual fund or variable annuity prospectus for the details of related cost.

The Advisor will not accept or maintain custody of an client's funds. The client is responsible for all custodial and securities execution fees charged by the custodian. The Advisor's fee is separate and distinct from the custodian and execution fees.

For a client account established on a Platform provider, the Solicitor will not receive brokerage-type commission compensation. All investments made are conducted at net asset value (NAV), also known as, on a fee basis, commission free. The sharing of the Advisor fee is the sole compensation received by the Solicitor as a result of establishing client accounts on the Platforms. Many mutual funds charge a 12b-1 fee or other administrative fees. If a mutual fund is selected that charges these expenses, the client ultimately will be impacted by the decreasing value of the underlying mutual fund. Whether or not a mutual fund charges these fees does not have a disqualifying consideration by the Advisor during the mutual fund selection process for the Platform and does not have an impact on the advisory fee charged to the client by the Advisor. The Platform Provider does not share these fees directly or indirectly with the Advisor.

A client might be able to invest in products recommended by the Advisor directly, without the services of the Advisor. In that case, the client would not receive the services provided by the Advisor which are designed, among other things, to assist the client in determining which products or services are most appropriate to each client's financial condition and objectives.

ITEM 6 - PERFORMANCE-BASED FEES

Neither the Advisor nor any of its supervised persons charge or are compensated via performance-based fees.

ITEM 7 - TYPES OF CLIENTS

ITS ASSET MANAGEMENT

ITS provides its advisory services to various types of clients including individuals, corporations, pension and profit-sharing plans, charitable organizations, and other investment advisors. The vast majority of ITS-managed accounts are those of individuals. These include various types of accounts such as IRA's, SEP's, 403(b)'s, 401(k)'s, estates, and trusts.

SERVICES PROVIDED TO ERISA RETIREMENT ACCOUNTS

Advisor provides its advisory services to client accounts regulated under ERISA (Employee Retirement Income Security Act). These accounts are typically qualified retirement plans established and maintained by a sponsor employing firm and include accounts such as 401(k) plans, pension plans, profit-sharing plans, 403(b) plans, among others. When Advisor provides investment advice to you regarding your retirement plan account or individual retirement account, Advisor is a fiduciary 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 Advisor makes money can create some conflicts with your interests, so Advisor operates as a fiduciary which requires Advisor to act in your best interest and not put our interest ahead of yours.

Essentially, the advisory services provided to ERISA accounts are the same services as provided to non-ERISA accounts—providing a selection of investment strategies utilizing model portfolios designed and managed in keeping with our DAPM formula rather than on a client-customized basis (see description of Advisory Business, pages 4-9). Otherwise, Advisor provides no other services to retirement plans or sponsors in relation to 1) legal or administrative structuring or setup of the plan, 2) consultations, selection, or monitoring with respect to other service providers, managers, etc., to the plan, or 3) accounting, recordkeeping, or tax-related computations or reporting.

Advisor does not market its advisory services directly to the retirement plan marketplace but, as with non-ERISA accounts, obtains ERISA accounts through the presentation of Advisor's services by independent financial professionals. Upon request, Advisor occasionally participates in participant enrollment meetings to assist the financial professional in the presentation of Advisor's services; however, it is the employing firm or plan sponsor that is obligated to organize and coordinate such meetings for plan participants.

Advisor currently provides its services to retirement plans where, depending on the structure of the individual plan, the services were elected by 1) the plan sponsor for the total plan assets, or 2) the plan sponsor as a managed services option for participants to elect individually, or 3) the individual participant where the sponsor assumes no involvement in the selection of investment options for plan participants. Also dependent on the plan, either the financial professional or an independent plan consultant engaged by the plan sponsor assumes the responsibility to evaluate the financial needs of the plan and/or participant and determine whether Advisor's strategies are (and remain on an ongoing basis) an appropriate and suitable option. A plan sponsor that is involved in the selection of Advisor in

an asset management capacity for the plan retains the fiduciary responsibility for the ongoing monitoring of Advisor's performance, and reserves the authority to terminate the services of Advisor for the plan and its participants.

Certain plans contain "automatic enrollment" and "opt out" provisions in relation to managed services options such as Advisor. This means that, if the plan sponsor selected Advisor as an approved managed services option to the plan, participants are automatically enrolled into a designated Advisor program based on their age. The participant then has the ability to change the assigned program or opt out of Advisor's managed services altogether. By opting out of managed services, the participant can "self direct" or individually make his/her own investment choices in accordance with alternative investment options offered under the plan. Where a participant does not opt out of Advisor's services, it remains the responsibility of the financial professional and/or independent consultant to evaluate if and when a change to the assigned, age-based strategy is warranted for the individual participant.

Advisor receives direct compensation only from ERISA accounts. This means that Advisor is compensated for the advisory services it provides solely through the payment of its advisory fee. Advisor receives no indirect or other compensation of any kind in relation to the retirement plan account, such as receipt of 12b-1 fees, soft dollar benefits, or any other type of brokerage, consulting, or service fees. (Advisor can receive certain benefits through its business relationship with the brokerage platforms. Please refer to the Economic Benefits section, pages 28-29, for more information.)

Advisor compensates the introducing financial professional through payment of a solicitor's fee. (Please refer to the Compensation Paid/Payments Made by Advisor section, pages 27-28, for more information on the solicitor fee arrangement and revenue sharing payments made by Advisor.) Both the Advisor's advisory fee rate and the compensation arrangement with the solicitor are disclosed in Advisor's account paperwork for completion by the plan sponsor/participant.

PTS ASSET MANAGEMENT

Our account size minimum is negotiable, but we encourage accounts of \$50,000 or more. We manage for just about all types of Investors including corporations, non-profits, families, retirement account trustees, etc. We state in our literature, "We strongly suggest you do not use this service if you have a short-term time horizon." Hence, the one type of investor we discourage from using our services are speculative investors seeking to make a lot of money over a short period of time.

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

As described in more detail in the Advisory Business, and Investor Referrals and Other Compensation sections of this Disclosure Brochure, neither ITS nor PTS formulates its investment advice based on the specific needs of individual clients. Rather, both offer an array of management programs each with managed portfolios that adhere to a preset portfolio framework. As detailed earlier, the framework allows for a disciplined approach unique to the particular strategy—utilizing complementary (correlating and/or non-correlating) asset categories and market sectors with market exposure adjusted in amounts designed to meet the investment objectives of the Advisor's programs.

Advisor's management process incorporates both technical and fundamental market research, following a variety of economic metrics and market indicators in the U.S. and abroad on a current and historical basis. Market indicators include, but are not limited to, sentiment, breadth, trend, momentum, and

cycles. Economic metrics include, but are not limited to, interest rates, earnings, inflation, money supply, and central bank policy. Ongoing analysis and research is reviewed by both ITS's and PTS's Investment Advisory Committees in the course of recommending or adopting investment policy for all ITS and PTS-managed portfolio strategies.

Investment markets can be volatile and reactive to economic and political events, among other catalysts, and the resulting fluctuations can impact certain market sectors and the funds concentrating in those sectors. To the contrary, our disciplined approach is designed with a goal of avoiding emotion-driven investment decisions that can be costly in both lost opportunity and, worse, lost investment capital.

While our clients do not receive personalized investment advice from either ITS or PTS that specifically addresses the client's own risk tolerance or profile, it is important to note that our programs themselves, along with our management approach, follow our core philosophy of investing in the markets using a risk-adjusted approach. It is important to note that all investments, including mutual funds and ETF's, are not guaranteed against loss. Prospective investors, including our clients, must understand that their investments can lose value in declining markets. In general, equity (stock) sectors are riskier than fixed income (bond) sectors. Depending on when an investor liquidates or cashes in his/her account, it is possible that he/she could end up with less than the initial investment. This is why it is important for investors to review not only their investment objectives, but their risk tolerance and time horizon, with their financial professional to determine what type or style of investment strategy offers the right fit for their unique situation. ITS provides an informational fact sheet for each of its strategies and portfolios that provides an overview of the program including important disclosure information. Brief overviews and disclosures of PTS's strategies are available to all PTS clients and potential clients upon request. Additional risks involved in the securities recommended by Advisors can include, among others:

- *Sector risk*, which is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- *Issuer risk*, which is the risk that the value of a security could decline for reasons directly related to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods or services.
- *Value investing risk*, which is the risk that value stocks might not increase in price, might not issue the anticipated stock dividends, or could decline in price, either because the market fails to recognize the stock's intrinsic value, or because the expected value was misgauged. If the market does not recognize that the securities are undervalued, the prices of those securities might not appreciate as anticipated. They also could decline in price even though in theory they are already undervalued. Value stocks are typically less volatile than growth stocks, but could lag behind growth stocks in an up market.
- *Smaller company risk*, which is the risk that the value of securities issued by a smaller company could go up or down, sometimes rapidly and unpredictably as compared to more widely held securities. Investments in smaller companies are subject to greater levels of credit, market and issuer risk.
- *Foreign (non-U.S.) investment risk*, which is the risk that investing in foreign securities could result in the portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies. Risks associated with investing in foreign securities

include fluctuations in the exchange rates of foreign currencies that could affect the U.S. dollar value of a security, the possibility of substantial price volatility as a result of political and economic instability in the foreign country, less public information about issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in the U.S. markets.

- *Interest rate risk*, which is the chance that prices of fixed income securities will decline because of rising interest rates. Similarly, the income from fixed income securities could decline because of falling interest rates.

- *Credit risk*, which is the chance that an issuer of a fixed income security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that fixed income security to decline.

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

- *Management risk*, which is the risk that the investment techniques and risk analyses applied by Advisor might not produce the desired results and that legislative, regulatory, or tax developments, could affect the investment techniques available to Advisor. There is no guarantee that a client's investment objectives will be achieved.

- *Manager risk*, the possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of stated objectives.

- *Investment Companies ("Mutual Funds") risk*, when a client invests in mutual funds, the client will bear additional expenses based on his/her pro rata share of the mutual fund's operating expenses, including the management fees. The risk of owning a mutual fund generally reflects the risks of owning the underlying investments the mutual fund holds.

- *Cybersecurity risk*, which is the risk related to unauthorized access to our systems and networks and its service providers. The computer systems, networks and devices used by Advisors and service providers to Advisors and Advisor's clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. Cybersecurity breaches could cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to

trading; the inability by Advisors and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or other compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers and other financial institutions; and other parties. In addition, substantial costs could be incurred by those entities in order to prevent any cybersecurity breaches in the future.

ITEM 9 - DISCIPLINARY INFORMATION

Investment advisors are required to disclose legal or disciplinary events that are material to a client's or prospective client's evaluations of the advisor's business or the integrity of the advisor's management. Presently, Advisor has no such events that are required to be reported.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

ITS, through common ownership by the Wadsworth Family LLC, has several affiliates including W & W Properties, LLC, Deca One, LLC, Wadsworth Financial Group, Inc, and Wadsworth Family Foundation. Clients of the Advisor are not solicited for any of the activities of these other entities. Therefore, no conflict of interest exists.

As of December 2016, William F. Wadsworth, Jr. is a Registered Representative with Integrated Financial Planning Services ("IFPS"), CRD #17935, SEC #35120, a FINRA registered broker-dealer. IFPS is not affiliated with ITS. Some clients of PTS Asset Management program are solicited to utilize the services of Mr. Wadsworth as a Registered Representative. However, to the extent a client of the PTS Asset Management Program does utilize the services of Mr. Wadsworth as a Registered Representative, all fees associated with the services provided will be disclosed to the client in advance to mitigate any conflicts of interest.

William Wadsworth is a licensed insurance professional. He earns commission-based compensation for selling insurance products to clients. Insurance commissions earned by advisory persons who are insurance professionals are separate from and in addition to Advisor's advisory fee. This practice presents a conflict of interest as an advisory person who is an insurance professional has an incentive to recommend insurance products for the purpose of generating commissions rather than solely based on client needs. ITS addresses this conflict through disclosure and strives to make recommendations which are in the best interests of its clients. Clients are under no obligation to purchase insurance products through any person affiliated with Advisor.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, & PERSONAL TRADING

CODE OF ETHICS

Advisor maintains a Code of Ethics, which sets forth the high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our firm and personnel owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere, not only to the specific provisions of the Code of Ethics, but to the general principles that guide the Code.

The Code defines both nonpublic client and firm information, the limitations on its access and use, and prohibits employees from acting on the information for their own or another's financial interest or gain. The Code also recognizes the duty of all employees to provide to the firm's Compliance personnel information regarding reportable personal securities holdings and transactions in those holdings. Our Compliance personnel review employee personal account information for any activity that breaches our ethical conduct guidelines. The Code is designed to assure that the personal securities interests, activities, and transactions of our employees will not interfere with the making of decisions in the best interests of our clients nor in the implementation of such decisions while, at the same time, allowing employees to invest for their own accounts. In addition, Advisor and/or its employees could have an interest or position in certain securities which are also recommended to clients. Our firm and its employees are permitted to buy and sell for their personal accounts the same securities as those recommended to our clients; however, employees cannot buy or sell the same security that is being bought or sold by the firm for client accounts prior to the decision becoming public and implemented in client accounts.

A copy of our Code of Ethics will be provided to any client or prospective client on request.

PARTICIPATION OR INTEREST IN CLIENTS TRANSACTIONS OR PERSONAL TRADING

This section of our Disclosure Brochure addresses any conflicts between the interests of our firm and those of our clients in relation to transactions initiated by the firm in client accounts. Advisor does not act as an investment advisor to an investment company whose securities products we recommend to clients. As discussed above in Other Financial Industry Activities and Affiliations, certain of our financial professionals serve as registered representatives of unaffiliated broker-dealers. These financial professionals earn commissions and other fees on products sold through the unaffiliated broker-dealer. This presents a conflict of interest because these financial professionals in their role as registered representatives for the unaffiliated broker-dealer are incentivized to make recommendations based on the compensation received rather than on a client's needs. Advisor minimizes this conflict of interest by disclosing this conflict in advance of making such recommendations.

The firm has established policies and procedures in relation to personal trading in reportable securities, including holdings and transaction reporting by all individuals deemed to be access persons to our non-public information (see also Code of Ethics, page 21).

ITEM 12- BROKERAGE PRACTICES

RESEARCH AND OTHER BENEFITS

Advisor is not registered as a broker/dealer and does not receive brokerage commissions. However, certain of the Advisor's financial professionals receive brokerage-type compensation as a result of business placed at certain mutual fund or insurance company platforms. Advisor also offers its advisory services at institutional investment platforms that provide options for reducing investment costs. Clients do, however, remain subject to the internal expenses associated with investment in mutual funds and ETF's such as expense ratios, 12b-1 fees, etc. These expenses could vary based on the fund selection available on each investment platform. Currently, PTS Asset Management does not utilize ETFs in their portfolio models, therefore all references to ETFs in the Section titled Brokerage Practices refers to the trading practices of ITS Asset management.

Advisor pays for the research, products, and services it requires in the operation of its business. Advisor does, however, receive certain benefits through its business relationship with the investment platforms. These are described in the Economic Benefits section, pages 28-29, of this Brochure.

BROKERAGE FOR CLIENT REFERRALS

Advisor does not obtain client referrals from the investment platforms where our discretionary management services are available. Thus, there is no "client referral incentive" to Advisor for offering its services at these platforms.

BEST EXECUTION—DIRECTED BROKERAGE & TRADE AGGREGATION PRACTICES

As an investment advisor, Advisor has a duty to act in the best interests of its clients. This includes the duty to seek "best execution" for brokerage transactions in client accounts. Often, the first thought at the mention of best execution is that it means obtaining the lowest commission rates and best prices for client securities transactions. However, many other factors contribute to producing favorable securities trading terms. This section will help to explain how best execution relates to the Advisor strategies and trading processes.

First, it is necessary to understand the difference in pricing between the two types of securities Advisor utilizes in its managed programs:

Mutual Funds — Mutual funds are priced once per day at market close, meaning that all buys or sells of any particular mutual fund on any given day receive the same price.

Exchange-Traded Funds (ETF's) — The price of an ETF fluctuates throughout the day, meaning that buys or sells of any particular ETF on any given day can receive widely differing prices depending on the time of day the trade is executed.

Next, trading practices such as "directed brokerage" and "trade aggregation" can each play a key role in determining trading costs and prices obtained for clients. These practices are more applicable to trading in ETF's rather than mutual funds due to the ever-changing intraday pricing of ETF's. For instance, by directing trades to a specific broker/dealer, overall execution costs to clients are based on that firm's ability to access various markets to obtain competitive pricing, fill the trade order efficiently, and execute the trade on a timely basis. A wide variance in cost can result based on the brokerage firm selected. Additionally, trade aggregation (grouping, bunching, or blocking of trades) procedures can also

impact transaction prices and other related trading costs (if applicable) to clients, while the sequence of unbunched trades can result in different pricing among clients.

Therefore, it is important to understand how trading in client accounts is conducted by Advisor in its arrangements with the custodial platforms where client assets are held. The trading process between Advisor and the custodial entities is secure and largely automated allowing Advisor to electronically and efficiently update its program portfolio models directly with the custodial investment platform. The trading automation allows for reduction in manual entry order errors as well as enabling the initiation of buy and/or sell instructions for hundreds, even thousands of trades efficiently and instantaneously.

When Advisor elects to initiate trades to update or reallocate one of its managed strategies, Advisor seeks to initiate its trade orders to all custodial platforms as timely as possible, but there are inherent time and processing constraints that could prevent same-date trade execution for all client accounts assigned to the same strategy. For example, the intraday timing of Advisor reallocation decision, the account custodian's model update/trading procedures, the imposition of trading cut-off times, fund closures, among other potential factors will impact completion of Advisor's model update across all accounts. The trading processes of Advisor and the custodians seek to eliminate the possibility of any one account or group of accounts receiving more favorable treatment than other accounts resulting from the order in which trade initiation was communicated by Advisor and ultimately processed by the custodial platform or its service provider.

In reference to custodial platforms where certain underlying strategy models could hold ETF's, and dependent on the available trade execution process(es) of the selected platform, Advisor's trade orders for ETF's are either blocked by individual ETF, or included in trade blocks processed at regularly set intervals. For all accounts holding the specific ETF's for which Advisor is initiating a buy or a sell, the first method results in the receipt of the same volume-weighted average price per ETF, while the second method is likely to result in differing prices for the same ETF traded in blocked intervals which could also differ from the volume-weighted price obtained under the first method.*

No transactions are directed outside of the selected custodial platform, either by Advisor or the client, as there is no guarantee of benefit but possible additional cost to the client by doing so. As discussed above, all buy or sell transactions in any mutual fund on any given day receive the same end-of-day market closing price on the transaction. But the price spread for a single ETF on any given day can be substantial, making market access and trading efficiency important features when buying and selling ETF's. At the present time with client accounts, Advisor utilizes ETF's available on select custodial investment platforms in our managed strategies and portfolios as it is our belief that these platforms maintain their own trading policies and procedures that support and enhance our best execution goal. Some these factors could include, but are not limited to:

- A wide selection of ETF's, including an array of transaction fee-free ETF's, that cover a variety of market indexes and asset classes
- Technology providing access to client account data as well as the functionality to implement ITS's managed strategies and portfolios within client investment accounts
- Trading desk access to various markets
- Technology for efficient and timely execution of trades
- Accuracy in pricing, account recordkeeping

- Responsiveness and service in addressing trade execution issues or errors
- Reporting on trade execution within accounts to ITS and clients

ETF's are subject to a government regulatory fee which is assessed on sales in covered equity securities. (Please refer to Investment, Custodial & Regulatory Costs/Charges, pages 11-12, for more information.)

*Certain situations could exclude accounts from block trading as described, resulting in ETF pricing differences between accounts being traded by ITS in a program reallocation: 1) client-initiated account activity immediately prior to or during the program trade; 2) retirement plan fund and/or trading restrictions; 3) blocking program trades by portfolio model vs individual ETF if necessary due to unforeseen trading constraints or issues with the software systems of the custodian, investment platform, or Advisor's data management service provider.

TRADE ERRORS

Clients must be cognizant of the fact that it is possible that a gain or loss could result in their Advisor-managed account should a trading error occur on the part of any party authorized on the account in relation to the management of and trade execution within the account. Advisor will restore any loss to a client's account for which Advisor is responsible. A trade error account for Advisor is established at certain custodial investment platforms to centralize transactions executed to correct trade errors. In the case of trade error gains, the custodian could donate the accrued gains in the trade error account to charity if the error account maintains a positive balance (at scheduled review dates as determined by the custodian), or the custodian can allow the accrued trade error gains to remain in the account. In either case, Advisor does not benefit from the gains in the error account except to the extent that any gains remaining in the account can be used to offset future trade error losses posted to Advisor's error account. On a custodial investment platform where a trade error account is not utilized, trade error gains benefit the client's account.

ITEM 13 - REVIEW OF ACCOUNTS

As described in the Advisory Business section of this brochure, Advisor does not provide customized advisory services, nor do we provide comprehensive financial planning services. In other words, our advisory services are not based on the unique and specialized needs of any client as an individual investor. Rather, our management programs provide different preset approaches to investing. Depending on the strategy or portfolio selected, program trading could occur monthly.

Thus, while Advisor continuously reviews market, economic, and related financial industry data to determine the data's immediate or future impact on our decision-making within each program, Advisor does not conduct periodic reviews of individual client accounts for suitability and related purposes. Oftentimes, the client's assets being managed by Advisor represent only a portion of the client's overall investment portfolio. Advisor does not request or maintain information regarding a client's other investments. Periodic review of the client's Advisor-managed account as well as other investments the client has are under the purview of the client's financial professional. The financial professional is in a position to make a knowledge-based assessment as to the continued suitability of all financial services he/she has recommended for the client. He/she can determine whether the recommended products and services continue to meet the client's pre-stated goals and objectives. This ongoing review activity is conducted under the oversight of the financial professional's independent supervisory firm. Clients

should apprise their financial professional of important lifestyle changes or events that could have occurred or will occur that could substantially impact their investments, including any accounts being managed by ITS.

Advisor does conduct a verification review following Advisor-initiated program trading designed to flag accounts exhibiting a variance to the program's portfolio allocation. The goal is to ensure that the Advisor program buys/sells are executed properly for all accounts at each Advisor program reallocation. Account activity such as additions or withdrawals could create a need to rebalance account holdings to realign with the Advisor program portfolio selected by the client. Other types of account reviews conducted by Advisor can include reviews of specific accounts for compliance or performance reporting purposes.

Advisor can also provide a periodic newsletter directly to clients that provides articles of interest relating to the investment markets as well as brief summaries of the Advisor strategies and their performance in general terms. ITS clients can obtain log-in credentials from Advisor in order to view their Advisor-managed account via a link on Advisor's website(s). Current account holdings, asset values, and performance information is available for review. Account reporting (i.e. quarterly statements) is simultaneously provided to the client directly from the custodian of their account.

The custodian provides the client with quarterly or more frequent account statements showing the securities held and their values, the transactions in the account for the past quarter, as well as dividend/earnings information. Advisor also makes various reports, including account statements, available electronically to clients who register for access to our data management system with a log-in and password. Clients are urged to compare the information provided on statements viewed via the Advisor data management system with that provided on the statements for the corresponding period provided directly to the client by their custodian. Clients should feel free to contact either their financial professional or Advisor if they have any questions related to account reports.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

COMPENSATION PAID/PAYMENTS MADE BY ADVISOR

Solicitors Fees

As a general practice, Advisor does not market or promote its advisory strategies directly to the public, but establishes working relationships with other investment advisory firms that wish to include Advisor's strategies as an option for their clients. A client is introduced to Advisor through his/her financial professional who works with the client directly to help the client meet his/her financial goals. The financial professional essentially represents the outside advisory firm in offering various securities products and/or advisory services approved by that firm—Advisors' strategies being one of these approved services. These advisory firms and the financial professionals are "outside" or "third-party" solicitors of Advisor's services.

Outside solicitors have no involvement with the investment decisions made by Advisor for client accounts nor are they involved in the actual implementation of the advice (trading) in client accounts. In other words, outside solicitors have no advisory authority or capacity on behalf of Advisor. The solicitors do have a financial interest in the referral of clients to Advisor in that they will receive a solicitor's fee from Advisor. The solicitor's fee can vary based on the Advisor strategy, custodial platform, and advisory

fee rate. Payment of the solicitor's fee is ongoing so long as the client's account remains under the management of Advisor, the advisory fee has been collected on the account, and the client remains a client of the solicitor. The Advisor solicitor's fee is the sole compensation received by the outside financial professionals as a result of placing client accounts in the Advisor's programs at the currently available brokerage platforms. (See compensation received as a result of non-platform business at PTS, pages 14-15.)

Each prospective client who is referred to Advisor by a solicitor who is not affiliated with Advisor will receive a written disclosure document disclosing whether the solicitor is or is not a current client of Advisor, the compensation that will be paid by the Advisor to the third party, and a description of any material conflicts of interest on the part of the solicitor in light of Advisor's relationship with the solicitor. In any case, applicable state laws could require these persons to become licensed either as representatives of the Advisor or as an independent investment advisor.

Certain licensed Advisor employees occasionally refer individuals or acquaintances to Advisor for asset management services. This activity is very limited, however, as Advisor's business model described earlier revolves around a firm-to-firm marketing approach rather than an Advisor-to-client approach. No employee is permitted to formulate discretionary investment advice customized for any of these referral clients, or any Advisor client with whom the employee could have contact. All investment advice formulated by Advisor is generated to meet the objectives of each Advisor managed strategy; thus, as with all Advisor clients, the clients referred by an Advisor employee do not receive personalized advisory services from Advisor.

One outside firm, Centaurus Financial, Inc., receives additional compensation from PTS through a revenue sharing arrangement initiated by the outside firm. This firm could also have similar revenue sharing arrangements with other investment advisory firms in addition to PTS. The revenue sharing arrangement includes quarterly payments to the firm based on the total assets under management placed by the Solicitors of the respective firm.

COMPENSATION/BENEFITS RECEIVED BY ADVISOR

Economic Benefits

Account Administration & Support

The investment platforms where Advisor's managed programs are available provide custody and trade execution services for Advisor client accounts. Because a client of Advisor is also a client of the custodian, it benefits all involved if the transactions in client accounts are handled efficiently and securely. To this end, the custodial platforms provide Advisor with website access and technology designed to facilitate client account management functions such as reallocating and rebalancing, as well as administrative functions such as automated advisory fee liquidation and assistance in processing account contributions/redemptions.

Professional Services Cost Discount

An economic benefit available to firms using the Fidelity investment platforms is the availability of discounted rates from a wide variety of third-party service organizations that have established a discount alliance with Fidelity. These organizations provide professional services in many areas such as data management, technology, compliance, legal, and human resources. It is possible that Advisor can, from time to time, receive an economic benefit through discounted rates for the services of such third-

party firms. Advisor's participation in the Fidelity discount alliance program does not depend on the amount of brokerage transactions directed to Fidelity. In addition, there is no corresponding commitment made by Advisor to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of participation in the program. It is important to note that any discounted rate received by Advisor for the services of any organization available through the Fidelity discount alliance is not the determining factor in Advisor's selection of an outside service provider. Firm expertise and experience coupled with requisite efficiencies and the capability of meeting Advisor's defined needs will continue to guide Advisor decision-making. Perhaps a more important point to our clients is that the cost of any economic benefit available to Advisor through the Fidelity discount alliance is absorbed by the service provider. No costs are directly or indirectly assessed to Advisor client accounts using the Fidelity investment platform (see Research and Other Benefits, page 24, for more information). The receipt of these benefits create a potential conflict of interest and can indirectly influence Advisor's choice of Fidelity for custody and brokerage services.

Seminars/Meetings Attendance Costs

Another economic benefit that Advisor could receive from time to time involves attendance at seminars, meetings, or training sessions conducted by outside firms that provide services to our firm in relation to our management of client accounts. For example, a data service provider firm could invite Advisor personnel to attend a meeting during which new and improved data system functionality and training is presented. Often, the costs associated with Advisor's attendance are paid by the firm extending the invitation to the meeting. The fact that costs are paid by outside parties is irrelevant to and has no bearing on any business decision made by Advisor as to whether or not to use the services of the outside party in connection with providing advisory services to our clients.

ITEM 15 - CUSTODY

Advisor does not have physical custody of the funds or securities we manage for our clients. These funds or securities are held by the custodial platform selected by the client. The platform is an independent qualified custodian. A client always retains access to the assets in his/her managed account and can obtain a portion or the balance of those assets by direct request to the custodian. Even while the client retains direct access, it is strongly recommended that account liquidations or partial withdrawals be administered through Advisor. Clients can contact Advisor or, if they prefer, their financial professional who will initiate the process with the custodial platform via Advisor. When processed through Advisor, it helps to ensure that the allocation of the client's account asset balance is maintained in accordance with the Advisor program selected by the client.

ITEM 16 - INVESTMENT DISCRETION

Advisor manages client accounts on a discretionary basis. This means that clients grant Advisor the authority to implement our management of the client's designated investment assets utilizing the Advisor program selected by the client. The authority granted by the client's execution of a Client Agreement with Advisor allows us to effect trading (buying and selling of fund shares) in the client's

account without prior notice to or consent from the client. This includes the authority to initially allocate the client's assets into the asset categories and market sectors, and underlying individual funds, selected by Advisor for the Advisor program chosen by the client. There are limitations to Advisor's discretionary authority (see Model-Based Advisory Services on pages 6-7). Additionally, both the Advisor Client Agreement and the custodial account forms completed by the client clarify the permission granted by the client to have Advisor's advisory fee liquidated from the managed account (unless alternate payment arrangements are established).

Clients cannot place unreasonable restrictions on the management of their account, but are permitted to place reasonable restrictions on the management of their account. Of course, clients always retain the authority to terminate the services of Advisor at any time they so desire.

ITEM 17 - VOTING CLIENT SECURITIES

We will not vote proxies on the client's behalf. The client is welcome to vote proxies or designate an independent third-party at the client's own discretion. The client designates proxy voting authority in the custodial account documents. All communication related to voting of securities is provided by the custodian directly to the client. The client must ensure that proxy materials are sent directly to the client or the client's assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Clients can contact our office with questions about a particular solicitation by phone at 1-800-765-4877.

ITEM 18 - FINANCIAL INFORMATION

ITS has discretionary authority over Investor accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to Investors. If ITS does become aware of any such financial condition, this brochure will be updated and Investors will be notified. In some instances, ITS collects a management fee of \$1,200 or more six months in advance therefore, the following is the ITS 2022 audited Balance Sheet.

ITS Asset Management, L.P.
PTS Asset Management
Consolidated Balance Sheet

As of December 31, 2022

ASSETS

Current Assets

Checking/Savings

Cash on Hand ITS	200
Regular Checking – PNC ITS	76.045
Regular Checking – WFB ITS	17.929
Money Market – PNC	523.977
Money Market – WFB	24.999
Custodial Fidelity Master ITS	1.901
Custodial Constellation Master ITS	16
Custodial Millennium Master ITS	332
AR CLEARING__CMD USE ONLY	25.006
NAUGATUCK SAVINGS BANK – ACH	101.069
Peoples Bank	50.014
TCA Fee Account	<u>823.225</u>

Total Checking/Savings	1.644.713
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Accounts Receivable

Accounts Receivable	
Refund of Advisory Fees	-4.620
Accounts Receivable – Other	<u>125.798</u>

Total Accounts Receivable	121.178
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Client Termination	-1.427
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RESERVE FOR BAD DEBT

PTS Write off Bad Debt.	-15.630
RESERVE FOR BAD DEBT – Other	<u>-6.935</u>

Total RESERVE FOR BAD DEBT	<u>-22.565</u>
Total Accounts Receivable	97.186
Other Current Assets	
Employee Advances	2.965
Fidelity Account	3.375.392
Millenium E&O	2.890.736
Millennium Fee Account	8.721.647
TCA 457	2.128.928
TCA E & O Account	2.189.771
Virtus – 3205	3.608.357
Federal Tax Deposit ITS	3.966
Prepaid Health Ins ITS	2.535
Prepaid Software ITS	15.105
Prepaid Workers' Comp ITS	<u>734</u>
Total Other Current Assets	<u>22.940.136</u>
Total Current Assets	24.682.035
Fixed Assets	
Office Furniture & Equipment	
Depreciation	-27.426
Original Cost	27.426
Office Furniture & Equipment – Other	<u>7.881</u>
Total Office Furniture & Equipment	<u>7.881</u>
Total Fixed Assets	<u>7.881</u>
TOTAL ASSETS	24.689.916
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	

Accounts Payable	1.356
Accounts Payable ITS	<u>-400</u>
Total Accounts Payable	956
Other Current Liabilities ITS	
Account Payable Nonsystem	13.181
Section 125 Plan W/H	2.424
After-Tax Electives W/H	256
Accrued Reallowance	15.122
Accrued Revenue Sharing	6.013
Accrued IT Services	7.468
Accrued Custody Fees	4.843
Unearned Fees	<u>56.022</u>
Total Other Current Liabilities ITS	<u>105.329</u>
Total Current Liabilities	<u>106.285</u>
Total Liabilities	106.285
Equity	
Partner One Equity	
Partner One Draws	<u>-12.848.299</u>
Total Partner One Equity	<u>-12.848.299</u>
Partner Two Equity	
Partner Two Draws	<u>-1.000.000</u>
Total Partner Two Equity	<u>-1.000.000</u>
Retained Earnings	39.926.598
Retained Earnings I	10.799
Retained Earnings ITS	378.696
Net Income	-1.844.163
Total Equity	24.583.631
TOTAL LIABILITIES & EQUITY	<u><u>24.689.916</u></u>