

# **Precedent Wealth Partners, LLC**

**17806 Interstate Highway 10  
Suite 300  
San Antonio, TX 78257**

**Telephone: (713) 201-3430  
PrecedentWealth.com**

**March 17, 2023**

**Firm Contact:  
Andrew Butte  
Chief Compliance Officer**

## **Form ADV Part 2A Brochure**

This brochure provides information about the qualifications and business practices of Precedent Wealth Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (713) 201-3430. 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 Precedent Wealth Partners, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #325203.

Please note that the use of the term "registered investment adviser" and description of our Firm and/or our associates as "registered" does not imply a certain level of skill or training.

## Item 2: Material Changes

Precedent Wealth Partners, LLC is required to notify clients of any information that has changed since the last annual update of the Firm Brochure (“Brochure”) that may be important to them. Clients can request a full copy of our Brochure or contact us with any questions that they may have about the changes.

This is the initial Form ADV Part 2A.

### Item 3: Table of Contents

Item 1: Cover Page.....	<b>Error! Bookmark not defined.</b>
Item 2: Material Changes .....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business .....	4
Item 5: Fees & Compensation .....	8
Item 6: Performance-Based Fees & Side-By-Side Management .....	13
Item 7: Types of Clients & Account Requirements.....	13
Item 8: Methods of Analysis, Investment Strategies & Risk of Loss.....	14
Item 9: Disciplinary Information .....	29
Item 10: Other Financial Industry Activities & Affiliations .....	29
Item 11: Code of Ethics, Participation or Interest in .....	29
Item 12: Brokerage Practices .....	30
Item 13: Review of Accounts .....	36
Item 14: Client Referrals & Other Compensation .....	37
Item 15: Custody.....	39
Item 16: Investment Discretion.....	40
Item 17: Voting Client Securities.....	40
Item 18: Financial Information.....	40

## Item 4: Advisory Business

### **Description of Firm**

Precedent Wealth Partners, LLC ("Firm" or "Adviser") provides individuals and other types of clients with a wide array of investment advisory services. Our Firm is a limited liability company formed under the laws of the State of Delaware in March 2023 and has been in business as an investment adviser since that time. Our Firm is principally owned by Precedent Holdings, LLC.

The purpose of this Brochure is to disclose the conflicts of interest associated with the investment transactions, compensation and any other matters related to investment decisions made by our Firm or its representatives. As a fiduciary, it is our duty to always act in the client's best interest.

As used in this brochure, the words "we," "our," and "us" refer to Precedent Wealth Partners, LLC and the words "you," "your," and "client" refer to you as either a client or prospective client of our Firm.

### **Types of Advisory Services Offered**

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

Our Firm provides Portfolio Management Services to clients on a discretionary or non-discretionary basis. This service will include asset management and other financial planning or consulting services as requested by you. The service is designed to assist you in meeting your financial goals by ascertaining your investment objectives. Thereafter, the Firm will have the responsibility and authority to formulate investment strategies on your behalf. Our Firm will conduct meetings with you to understand your current financial situation, existing resources, and tolerance for risk. Based on what is learned, an investment approach is presented to you, including, as appropriate, individual stocks, bonds, ETFs, options, mutual funds and other public and private securities or investments. Once the appropriate portfolio has been determined, your portfolio under our supervision is regularly monitored, and if necessary, revised and/or rebalanced based upon your individual needs, stated goals and objectives. Upon your request, the Firm provides a summary of observations and recommendations for the financial planning or consulting aspects of this service.

#### **Source of Information**

The Firm will interview you to determine your:

- Investment Objectives
- Risk tolerance
- Desired return parameters
- Other factors and preferences

#### **Investment Selections**

Based upon our understanding of your needs, we then invest your portfolio. The Firm does not provide identical advice to every client, though we may employ similar strategies and purchase similar securities in other client accounts.

Reasons portfolios may differ from clients:

- Your preferences

- Your investment criteria
- Your risk tolerance compared to that of other clients
- Securities you already own that would generate a taxable gain if sold
- Your time horizon

Though not our regular and typical practice, you may request that we assist you in the management of your portfolio on a non-discretionary basis. If we so agree, your portfolio will be identified as non-discretionary in our written agreement with you. If you determine to engage our Firm on a non-discretionary investment advisory basis must be willing to accept that the Firm cannot affect any account transactions without obtaining prior consent to any such transaction(s) from you. Therefore, our Firm will be unable to affect any account transactions (as it would for its discretionary clients) without first obtaining your consent.

#### **Financial and Wealth Planning Services:**

Our Firm offers financial and wealth planning services which typically involves providing a variety of advisory services upon request to most of our clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from broad-based financial planning to consultative subject planning, which may include, but is not limited to, any or all of the following; Business Planning, Cash Flow Forecasting, Gift and Estate Planning, Financial Reporting, Investment Consulting, Insurance Planning, Retirement Planning, Risk Management (asset protection & insurance), Employee Benefits, Concentrated Wealth Strategies, Charitable Planning, Distribution Planning, Education Planning, Social Security Planning, Income Tax Planning, and Third Party Investment Manager Due Diligence. Our Firm can help the client with implementation of planning recommendations, as needed or requested by the client. Implementation may include working with a client's other professionals, such as attorneys, CPAs, brokers and insurance agents. Implementation of recommendations is always solely at the client's discretion.

#### **Retirement Plan Consulting:**

Our Firm offers to provide retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising may include:

- Establishing an Investment Policy Statement – Our Firm will assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Options – Our Firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Our Firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring – Our Firm will monitor the performance of the Plan's investments and notify the client in the event of over/underperformance and in times of market volatility.
- Participant Education – Our Firm will provide opportunities to educate plan participants about their retirement plan offerings, different investment options, and general guidance on allocation strategies.

In providing services for retirement plan consulting, our Firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (with the exception of real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, "Excluded Assets"). All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and our Firm accepts appointment to provide services to such accounts, our Firm acknowledges its obligation to meet the fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

#### **Retirement Plan Rollover Recommendations:**

A client or prospective client leaving an employer typically has four options regarding disposition of a balance in an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to a new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If our Firm recommends that a client roll over their retirement plan assets into an account to be managed by our Firm, such a recommendation creates a conflict of interest if our Firm will earn new or increased current compensation as a result of the rollover. If our Firm provides a recommendation as to whether a client should engage in a rollover or not, the Firm is acting as 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 U.S. Department of Labor provides regulations to which our Firm is obligated to conform to qualify under permitted exceptions to the general prohibition against fiduciaries to employer plans earning compensation in connection with their advice. No client is under any obligation to roll over retirement plan assets to an account managed by our Firm.

Under these regulations, 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.

#### **Selection of Independent Money Managers:**

In certain limited situations, our Firm may recommend that you use the services of a third-party money manager ("TPMM") to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we may recommend that you

engage a specific TPMM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the TPMM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. Our Firm will monitor the TPMM(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives. The TPMM(s) will actively manage your portfolio and will assume discretionary investment authority over your account. In addition, TPMM(s) may be granted authority to further delegate such discretionary investment authority to other TPMM(s). Our Firm will assume discretionary authority to hire and fire TPMM(s) and/or reallocate your assets to other TPMM(s) where we deem such action appropriate.

**Assets Held Away From Our Firm:**

If you agree, we may leverage an Order Management System through Pontera to implement investment selection and rebalancing strategies on your behalf in held away accounts (i.e., accounts not directly held with our recommended custodian). These are primarily 401(k) accounts, HSAs, 403bs, 529 education savings plans, 457 plans, profit sharing plans, and other assets not custodied with our recommended custodian. Pontera is a software provider making a platform available to our Firm that facilitates this management. We regularly review the available investment options in these accounts, monitor them, and rebalance and implement our strategies in the same way we do your other managed accounts, though using different tools as necessary. There may be a difference in the performance of our strategies of an account using Pontera in comparison to your other accounts held at our recommended custodian.

**Dynasty Network:**

We have entered into a contractual relationship with Dynasty Financial Partners, LLC ("Dynasty"), which provides our Firm with operational and back-office support including access to a network of service providers. Through the Dynasty network of service providers, we may receive preferred pricing on trading technology, reporting, custody, brokerage, compliance, and other related services. Dynasty charges our Firm a "Platform Fee," the expense of which we bear and therefore is included as part of your annual investment management fee, as described in Item 5 below. In addition, Dynasty's subsidiary, Dynasty Wealth Management, LLC ("DWM") is an SEC registered investment adviser, that provides access to a range of investment services including: separately managed accounts ("SMA"), mutual fund and ETF asset allocation strategies, and unified managed accounts ("UMA") managed by external Third-Party Managers (collectively, the "Investment Programs"). We may separately engage the services of Dynasty and/or its subsidiaries to access the Investment Programs. Under the SMA and UMA programs, we will maintain the ability to select the specific, underlying Third Party Managers that will, in turn, have day-to-day discretionary trading authority over the requisite client assets.

DWM sponsors an investment management platform (the "Platform" or the "TAMP") that is available to the advisers in the Dynasty Network, such as our Firm. Through the Platform, DWM and Dynasty collectively provide certain technology, administrative, operations and advisory support services that allow us to manage our client portfolios and access Third-Party Managers that provide discretionary services in the form of traditional managed accounts and investment models. We can allocate all or a portion of Client assets among the different Third-Party Managers via the Platform. We may also use the model management feature of the TAMP by creating our own asset allocation model and underlying investments that comprise the model. Through the

model management feature, we may be able to outsource the implementation of trade orders and periodic rebalancing of the model when needed.

We will maintain the direct contractual relationship with you, the Client, and obtain, through such agreements, the authority to engage independent third-party managers, DWM and/or Dynasty, as applicable, for services rendered through the Platform in service to the Client. We may delegate discretionary trading authority to DWM and/or independent Third-Party Managers to effect investment and reinvestment of Client assets with the ability to buy, sell or otherwise effect investment transactions and allocate client assets. If the Client participates in certain Investment Programs, DWM or the designated manager, as applicable, is also authorized without prior consultation with either us or the Client to buy, sell, trade or allocate Client assets in accordance with the Client's designated portfolio objective and to deliver instructions to the designated broker-dealer and/or custodian of the Client's assets.

### **Tailoring of Advisory Services**

---

Our Firm offers individualized investment advice to our clients. Each client may impose reasonable restrictions, in writing, on the types of investments to be held in the portfolio or our Firm's services. Restrictions on investments in certain securities or types of securities may affect the performance of the account due to the level of difficulty of the restriction when managing the account.

### **Participation in Wrap Fee Programs**

---

Our Firm does not offer or sponsor a wrap fee program.

### **Regulatory Assets Under Management**

---

Our Firm is a newly registered adviser and does not have initial assets to report.

## **Item 5: Fees & Compensation**

### **Compensation for Our Advisory Services**

---

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

The maximum annual fee charged for this service will not exceed 1.75%, though this is higher than our standard fee schedule described below. Fees to be assessed will be outlined in the advisory agreement to be signed by the Client. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. There may be immaterial differences between the quarter end market value reflected on your custodial statement and the valuation as of the last business day of the calendar quarter used for billing purposes, given timing and account activity. Fees will be deducted from client account(s), unless we mutually agree to an alternate payment method. Adjustments will be made for deposits and withdrawals during the quarter that are more than \$50,000. Our Firm may offer direct invoicing in rare cases. If the advisory agreement is executed at any time other than the first day of the calendar quarter, our fees will apply on a pro-rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which the individual is our Client.



Our advisory fee is negotiable, depending on individual Client circumstances and account type. If the account or relationship is not above \$10 million, the fees are not typically negotiable. When fees are negotiable, the factors typically considered are total asset values being managed, the expected future additions and withdrawals from the account, the frequency and nature of interaction with the client, and the complexity of the specific services required by the client.

Our standard fee schedule is based upon discretionary assets under management:

- First \$2 million: 1.0% per annum
- Next \$3 million: 0.8% per annum
- Next \$5 million: 0.6% per annum
- Over \$10 million: 0.4% per annum

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for Client and Client's minor children, joint accounts with Client's spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee, when measured as a percentage of assets managed. Our Firm will deduct our fee directly from your account through the qualified custodian holding your funds and securities. Our Firm will deduct our advisory fee only when you have given our Firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

#### **Financial and Wealth Planning Services:**

If you engage our Firm for portfolio management services, our financial and wealth planning and consulting services are generally offered to you at no extra charge. In rare cases for consulting services that are outside our normal offering, we may propose an extra charge for such consulting. You will always be informed of such charges *before* work commences. In those cases, our Firm charges on an hourly or flat fee basis for specialized financial and wealth planning services. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. The maximum hourly fee to be charged will not exceed \$500. Flat fees range from \$1,500 to \$10,000. The fee-paying arrangements will be determined on a case-by-case basis and will be detailed in the signed consulting agreement. Our Firm will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 months.

#### **Retirement Plan Consulting:**

Our Retirement Plan Consulting services are billed on a flat fee basis or a fee based on the percentage of Plan assets under management. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. Our flat fees range from \$750 to \$25,000. Fees based on a percentage of managed Plan assets will not exceed 1.00%. The fee-paying arrangements will be determined on a case-by-case basis and will be detailed in the signed consulting agreement.

#### **Assets Held Away From Our Firm:**

For assets held at a custodian that is not directly accessible by our Firm ("Held Away Accounts"), we may, but are not required to, manage these Held Away Accounts using the Pontera Order Management System ("Pontera") that allows our Firm to view and manage assets. Our annual fee

for investment management services for held away accounts will follow our Portfolio Management fee schedule and termination instructions as noted in your Portfolio Management Agreement. Our advisory fees will not be deducted directly from the accounts managed through the Pontera Order Management System. If you engage our Firm to manage Held Away Accounts, you will give written authorization to deduct the fee from another nonqualified account managed by our Firm, in which case, the advisory fee would be deducted from this account each quarter. Fees will be based upon your negotiated fee in accordance with our portfolio management fee schedule and your Agreement. You do not pay an additional fee for Pontera. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements and invoices for accuracy. Our Firm pays 0.25% from our advisory fee to Pontera. Due to the use of Pontera, you will not pay our Firm a higher advisory fee other than what is listed in your Portfolio Client Management Agreement.

In rare cases, our Firm will agree to directly invoice the client. As part of this process, Clients understand the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our Firm;
- b) Clients will provide authorization permitting our Firm to be directly paid by these terms. Our Firm will send an invoice directly to the custodian; and
- c) If our Firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

**Fee Rebate Program:**

Our Firm offers a Fee Rebate Program (the "Program"), under which Clients may become entitled to a reduction in the management fee otherwise due to Firm (the "Concession"). This Concession is contingent upon the Firm's profitability and will be determined using a formula that allocates to the Program 50% of an amount equal to the Firm's after-tax profit distributions to Firm owners. Because the Program is dependent on the profitability of the Firm, the Concession amount will vary, and could be \$0. ***No Concession of any amount is assured or guaranteed.***

Concessions will be awarded to Client in the form of a credit against management fees otherwise payable by Client to Firm for the second quarter (due approximately April 1) or third quarter (due approximately July 1) of the subsequent calendar year. The Concession is not payable to Client in cash.

Clients are eligible to participate in the Program only if Client maintains an active account at the time the Concession is distributed. All Clients agree to participate in the Program (if eligibility requirements are met), by signing the Client Management Agreement, which includes the Fee Rebate Program document. The Program document discusses the Program in detail and provides important disclosures for Clients.

Clients may choose to opt out of the Program by notifying the Firm in writing that they do not wish to participate in the Program.

While we've established the Program to benefit our Clients, it does create several conflicts of interest between us and our Clients. Compensation to employees, including payment of a higher salary and/or bonus or distributions classified as Guaranteed Payments to owner-employees, reduces the amount available for distribution as profits to the owners. This, in turn, reduces the Concession amount available for Clients. The Firm attempts to mitigate this conflict by determining total compensation and guaranteed payments of its wealth advisor owner-employees using a formula, and having the formulaic calculation methodology reviewed by an independent third party compensation consultant periodically to determine it falls within a range reasonably representative of market compensation for our industry. Any compensation or guaranteed payments to owner-employees which is not formulaic in nature is determined under a written plan subject to periodic review by an independent compensation consultant to determine if it falls within a range reasonably representative of market compensation for our industry.

In addition, the Firm reserves the right to terminate or modify the Program without our Clients' consent to do so. This represents a conflict of interest since a reduction in the amount of the Concession could benefit the Firm's owners. The Firm attempts to mitigate this conflict by providing that the Firm is permitted to modify or terminate the Program prospectively for a future Calendar Year, and only with written notice provided to Client at least thirty (30) days prior to the beginning of such modified calendar year.

It is important that Clients understand the Program and how it will impact the fees Clients pay to the Firm. We encourage our Clients to review the Program documents carefully and to ask questions. We are always available to discuss the Program, our fees, and any other aspect of the services we provide.

**Dynasty Network:**

As discussed above in Item 4, we use Dynasty's TAMP services. While the Dynasty Platform Fee is included in the annual investment management fee, any Third-Party Manager related charges are not included in the investment management fee you pay to us. Clients will be charged, separate from and in addition to their investment management fee, any applicable Third-Party Manager fees, but only if we mutually agree to utilize Third-Party Managers. Our Firm does not receive any portion of the fees paid directly to Dynasty or the service providers made available through its platform, including the Third-Party Managers.

The Third-Party Manager fees are determined by the particular program(s) and manager(s) with which the Client's assets are invested and are calculated based upon a percentage of Client assets under management, as applicable. Independent fixed income manager fees generally range from 0 - 0.90% annually, and independent equity manager fees generally range from 0.00% - 1.50% annually.

Client will note the total fee reflected on their custodial statement will represent the sum of our investment management fee and Third-Party Manager fee(s). The Client should review such statements to determine the total amount of fees associated with their requisite investments, and Clients should review their investment management agreement with us to determine the investment management fee the Client pays to us.

## **Other Types of Fees & Expenses**

---

### Mutual Funds/ETFs

As part of our investment advisory services our Firm may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our Firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. Our Firm does not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian.

### Margin Balance and Margin Interest

If suitable for you, our Firm may use margin on your account(s) for the purpose of borrowing funds and/or securities purchases. Our normal practice is to limit margin usage to those cases where a client desires to borrow funds for other uses in lieu of liquidating securities. It is not our normal purpose to use margin as a means of purchasing more securities than what is possible on a cash basis. If a margin account is opened, you will be charged interest on any credit balance extended to or maintained on your behalf at the broker-dealer. While the value of the margined security will appear as a debit on your statement, the margin balance in an account(s) will be assessed an asset-based advisory fees based on the gross value of the account(s) without any offset for margin or debit balances. With respect to short sales, the client will be assessed an asset-based advisory fees based on the value of the security sold short, but not on the proceeds received upon initiation of the short sale. If you purchase securities on margin you should understand: 1) the use of borrowed money will result in greater gains or losses than otherwise would be the case without the use of margin, and 2) there will be no benefit from using margin if the performance of your account does not exceed the interest expense being charged on the margin balance plus the additional advisory fees assessed on the securities purchased using margin. This creates a conflict of interest where we have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee.

Clients will incur transaction fees for trades executed by their chosen custodian. These transaction fees are separate from our Firm's advisory fees and will be disclosed by the chosen custodian. Fidelity Brokerage Services ("Fidelity") eliminated transaction fees for U.S. listed equities and exchange traded funds for clients who opt into electronic delivery of statements or maintain at least \$1 million in assets at Fidelity. Clients who do not meet either criteria will be subject to transaction fees charged by Fidelity for U.S. listed equities and exchange traded funds.

Charles Schwab & Co., Inc. ("Schwab") does not charge transaction fees for U.S. listed equities and exchange traded funds.

Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), distribution fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from

custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our Firm does not receive a portion of these fees.

### **Termination & Refunds**

---

Either party may terminate the advisory agreement signed with our Firm for Portfolio Management services at any time. Upon notice of termination, our Firm will process a pro-rata refund by calculating the amount of the unearned portion of the advisory fees based on the number of days left in the current quarter.

Financial Planning & Consulting clients may terminate their agreement at any time before the delivery of a financial plan by providing written notice. For purposes of calculating refunds, all work performed up to the point of termination shall be calculated at the hourly fee currently in effect. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by our Firm.

There may be immaterial differences between the quarter end market value reflected on the Client's custodial statement and the valuation as of the last business day of the calendar quarter used for billing purposes, given timing and account activity. If assets more than \$50,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value.

### **Commissionable Securities Sales**

---

Our Firm and representatives do not sell securities for a commission in advisory accounts.

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

---

Our Firm does not charge performance-based fees.

## **Item 7: Types of Clients & Account Requirements**

---

### **Client Types:**

Our Firm has the following Client types: *Individuals and High Net Worth Individuals; Trusts, Estates or Charitable Organizations; Pension, Retirement Plans, and Profit Sharing Plans; Corporations, Limited Liability Companies and/or Other Business Types.*

### **Account Requirements:**

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to manage effectively.

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

### Methods of Analysis

---

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Charting:** Involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends.

**Risk:** Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Cyclical:** A type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions.

**Environmental, Social, and Governance (ESG) Investing:** – Upon request by a Client, we may apply a set of standards called ESG to selection of investments for the Client's portfolio. Environmental, social, and governance criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments. Absent specific request by the Client, ESG criteria are not a principal screen we utilize.

Environmental criteria consider how a company performs as a steward of nature and its ability to sustain operations over the macro-scale. Environmental criteria may include a company's energy use, waste, pollution, natural resource conservation, and treatment of animals. The criteria can also be used in evaluating any environmental risks a company might face and how the company is managing those risks.

Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Does it work with suppliers that hold the same values as it claims to hold? Does the company donate a percentage of its profits to the local community or encourage employees to perform volunteer work there? Do the company's working conditions show high regard for its employees' health and safety? Are other stakeholders' interests taken into account?

Governance specifically concerns a company's leadership, executive pay, audits internal controls, and shareholder rights. Investors may want to know that a company uses accurate and transparent accounting methods and that stockholders are allowed to vote on important issues. They may also want assurances that companies avoid conflicts of interest in their choice of board members, don't use political contributions to obtain unduly favorable treatment and, of course, don't engage in illegal practices.

There is no assurance or guarantee that applying such ESG criteria as a screening device for investments to be included in the Client's portfolio will improve investment performance and there is not any assurance that it may possibly decrease investment performance. The Firm does not routinely apply ESG criteria as any absolute screening criteria for investment selection, so Clients who desire more stringent screening in this area should discuss this with the Firm in reference to their portfolio's management.

**Fundamental Analysis:** The analysis of a business's financial statements (usually to analyze the business's assets, liabilities, and earnings), health, and its competitors and markets. When analyzing a stock, futures contract, or currency using fundamental analysis there are two basic approaches one can use: bottom up analysis and top down analysis. The terms are used to distinguish such analysis from other types of investment analysis, such as quantitative and technical. Fundamental analysis is performed on historical and present data, but with the goal of making financial forecasts. There are several possible objectives: (a) to conduct a company stock valuation and predict its probable price evolution; (b) to make a projection on its business performance; (c) to evaluate its management and make internal business decisions; (d) and/or to calculate its credit risk.; and (e) to find out the intrinsic value of the share.

**Technical Analysis:** A security analysis methodology for forecasting the direction of prices through the study of past market data, primarily price and volume. A fundamental principle of technical analysis is that a market's price reflects all relevant information, so their analysis looks at the history of a security's trading pattern rather than external drivers such as economic, fundamental and news events. Therefore, price action tends to repeat itself due to investors collectively tending toward patterned behavior – hence technical analysis focuses on identifiable trends and conditions. Technical analysts also widely use market indicators of many sorts, some of which are mathematical transformations of price, often including up and down volume, advance/decline data and other inputs. These indicators are used to help assess whether an asset is trending, and if it is, the probability of its direction and of continuation.

**Third-Party Money Manager Analysis:** The analysis of the experience, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest with consistency and success over a period of time and in different economic conditions. Analysis is completed by monitoring the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of the due-diligence process, the manager's compliance and business enterprise risks are surveyed and reviewed. A risk of investing with a third-party manager who has been successful in the past is that they may not be able to replicate that success in the future. In addition, as our Firm does not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as our Firm does not control the manager's daily business and compliance operations, our Firm may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Modern Portfolio Theory:** A theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets. Though Modern

Portfolio Theory has significant academic support, there is no assurance that adhering to these principles will produce the optimum investment outcome.

**Security Analysis:** Analysis of tradeable financial instruments called securities. These can be classified into debt securities, equities, or some hybrid of the two. More broadly, futures contracts and tradeable credit derivatives are sometimes included. Security analysis is typically divided into fundamental analysis, which relies upon the examination of fundamental business factors such as financial statements, and technical analysis, which focuses upon price trends and momentum. Quantitative analysis may use indicators from both areas.

**Sector Analysis:** Sector analysis involves identification and analysis of various industries or economic sectors that are likely to exhibit superior performance. Academic studies indicate that the health of a stock's sector is as important as the performance of the individual stock itself. In other words, even the best stock located in a weak sector will often perform poorly because that sector is out of favor. Each industry has differences in terms of its customer base, market share among firms, industry growth, competition, regulation and business cycles. Learning how the industry operates provides a deeper understanding of a company's financial health. One method of analyzing a company's growth potential is examining whether the amount of customers in the overall market is expected to grow. In some markets, there is zero or negative growth, a factor demanding careful consideration. Additionally, market analysts recommend that investors should monitor sectors that are nearing the bottom of performance rankings for possible signs of an impending turnaround.

The decision-making for your portfolio is principally the result of the work of our Investment Policy Committee. The Committee assimilates all of the research and data from these various forms of analysis and makes a judgment regarding the construction of the Firm's model portfolio guidelines and the most favorable investment securities to utilize within those model portfolio guidelines to meet Client's goals and objectives.

### **Investment Strategies & Asset Classes**

---

We use the following strategies and asset classes in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Asset Allocation:** For most of the Firm's clients, Asset Allocation is a broad overriding strategy which means the implementation of an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame. Asset allocation is based on the principle that different assets perform differently in different market and economic conditions. A fundamental justification for asset allocation is the notion that different asset classes offer returns that are not perfectly correlated, hence diversification reduces the overall risk in terms of the variability of returns for a given level of expected return. Although risk is reduced as long as correlations are not perfect, it is typically forecast (wholly or in part) based on statistical relationships (like correlation and variance) that existed over some past period. Expectations for return are often derived in the same way. An asset class is a group of economic resources sharing similar characteristics, such as riskiness and return. There are many types of assets that may or may not be included in an asset allocation strategy. The "traditional" asset classes are stocks



(value, dividend, growth, or sector-specific [or a "blend" of any two or more of the preceding]; large-cap versus mid-cap, small-cap or micro-cap; domestic, foreign [developed], emerging or frontier markets), bonds (fixed income securities more generally: investment-grade or junk [high-yield]; government or corporate; short-term, intermediate, long-term; domestic, foreign, emerging markets), and cash or cash equivalents. Allocation among these three traditional broad classes typically provides a starting point, and for many clients is fully representative of the entire portfolio. To a lesser extent or for certain clients, we may choose to include hybrid instruments such as convertible bonds and preferred stocks, counting as a mixture of bonds and stocks. Other alternative assets that may be considered include: commodities: precious metals, nonferrous metals, agriculture, energy, others.; Commercial or residential real estate (generally through use of REITs); insurance products (annuity, life settlements, catastrophe bonds, personal life insurance products, etc.); derivatives such as long-short or market neutral strategies, options, collateralized debt, and futures; foreign currency; venture capital; private equity; and/or distressed securities.

**Passive Investment Management vs Active Management:** Passive investing involves building portfolios that are comprised of various distinct asset classes. The asset classes are weighted in a manner to achieve a desired relationship between correlation, risk and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio. The funds that are used to build passive portfolios are typically index mutual funds or exchange traded funds. Passive investment management is characterized by low portfolio expenses (i.e. the funds inside the portfolio have low internal costs), minimal trading costs (due to infrequent trading activity), and relative tax efficiency (because the funds inside the portfolio are tax efficient and turnover inside the portfolio is minimal).

In contrast, active management involves a single manager or managers who employ some method, strategy or technique to construct a portfolio that is intended to generate returns that are greater than the broad market or a designated benchmark. Academic research indicates the majority of active managers underperform the market, and because of fund expenses, that only a minority will outperform.

Our Firm utilizes both Active Management and Passive Management in constructing portfolios for our clients.

**Long-Term Purchases:** Our Firm typically buys securities for your account with an intention to hold them for a relatively long time (more than a year) in anticipation that the security's value will appreciate over a long horizon. The risk of this strategy is that our Firm could miss out on potential short-term gains that could have been profitable to your account, or it's possible that the security's value may decline sharply before our Firm makes a decision to sell.

**Short-Term Purchases:** On a much more limited basis, our Firm may buy securities for your account with a short-term time horizon. When utilizing this strategy, our Firm may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). Our Firm does this in an attempt to take advantage of conditions that our Firm believes will soon result in a price swing in the securities our Firm purchase.

**Exchange Traded Funds ("ETFs"):** An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) whose primary objective is to achieve the same return as a particular market index. The particular market index may be one widely known and publicized or

in some cases will be a more privately-constructed index that is created and maintained by the managing sponsor of the ETF. The vast majority of ETFs are designed to track an index, so their performance is close to that of an index mutual fund, but they are not exact duplicates. A tracking error, or the difference between the returns of a fund and the returns of the index, can arise due to differences in composition, management fees, expenses, and handling of dividends. ETFs benefit from continuous pricing; they can be bought and sold on a stock exchange throughout the trading day. Because ETFs trade like stocks, you can place orders just like with individual stocks - such as limit orders, good-until-canceled orders, stop loss orders etc. They can also be sold short. Traditional mutual funds are bought and redeemed based on their net asset values ("NAV") only at the end of the day. ETFs are bought and sold at the market prices on the exchanges, which resemble the underlying NAV but are independent of it. However, arbitrageurs generally work to ensure that ETF prices are kept very close to the NAV of the underlying securities. Although an investor can buy as few as one share of an ETF, most buy in board lots. Anything bought in less than a board lot will increase the cost to the investor. Anyone can buy any ETF no matter where in the world it trades. This provides a benefit over mutual funds, which generally can only be bought in the country in which they are registered.

One of the main features of ETFs is their low annual fees, especially when compared to traditional mutual funds. The passive nature of index investing, reduced marketing, and distribution and accounting expenses all contribute to the lower fees.

**Equity Securities:** Most client portfolios include exposure to equity securities. Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of equity securities fluctuate based on, among other things, events specific to their issuers and market, economic and other conditions. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices. There may be little trading in the secondary market for certain equity securities (referred to as "thinly traded"), which may adversely affect our Firm's ability to value accurately or dispose of such equity securities. Adverse publicity and investor perceptions, even if not based on fundamental analysis, may decrease the value and/or liquidity of equity securities. Investing in smaller companies may pose additional risks as it can be more difficult to value or dispose of small company stocks, more difficult to obtain information about smaller companies, and the prices of their stocks may be more volatile than stocks of larger, more established companies. In holding equity securities, clients should have a long-term perspective and be able to tolerate potentially sharp declines in value.

**Fixed Income:** For many clients, we choose to include Fixed Income investments in their portfolio. Fixed income is a type of investing for which nominal or real return rates of periodic income is received at regular intervals and at reasonably predictable levels, which typically includes some promise of a return of a certain monetary amount at a future date. The rate of income may be either fixed or one that floats based on prevailing interest rate conditions. Fixed-income investors are typically individuals who prefer that this portion of their investments provides a regular, stable income stream. Fixed-income investors who live on set amounts of periodically paid nominal dollar income face the risk of inflation eroding their spending power over time.

Some examples of fixed-income investments include treasuries, money market instruments, corporate bonds, asset-backed securities, municipal bonds and international bonds. The primary risk associated with fixed-income investments is the borrower/issuer defaulting on his payment.

Other considerations include exchange rate risk for international bonds and interest rate risk for longer-dated securities. The most common type of fixed-income security is a bond. Bonds are issued by federal governments, local municipalities and major corporations. Fixed-income securities are recommended for investors seeking a diverse portfolio; however, the percentage of the portfolio dedicated to fixed income depends on your own personal investment style. There is also an opportunity to diversify the fixed-income component of a portfolio. Riskier fixed-income products, such as junk bonds and longer-dated products, should comprise a lower percentage of your overall portfolio in the case of conservative investors.

The interest payment on fixed-income securities is considered regular income and is determined based on the creditworthiness of the borrower and current market rates. In general, bonds and fixed-income securities with longer-dated maturities pay a higher rate, also referred to as the coupon rate, because they are considered riskier. The longer the security is on the market, the more time it has to lose its value and/or default. At the end of the bond term, or at bond maturity, the borrower returns the amount borrowed, also referred to as the principal or par value.

**Mutual Funds:** Our Firm may include mutual fund investments in your portfolio. A mutual fund is a company that pools money from many investors and invests that money in a variety of differing security types based on the objectives of the fund. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares are the fund's per share net asset value ("NAV") plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads). Our Firm typically does not purchase the shares of mutual funds imposing a front-end sales load. Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells, or the timing of those trades. With a portfolio of individual stocks, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which is calculated only once daily after market close.

The benefits of investing through mutual funds include: (a) Mutual funds are professionally managed by an investment adviser who researches, selects, and monitors the performance of the securities purchased by the fund; (b) Mutual funds typically have the benefit of diversification, which is an investing strategy that generally sums up as "Don't put all your eggs in one basket." Spreading investments across a wide range of companies and industry sectors can help lower the risk if a company or sector fails. Some investors find it easier to achieve diversification in certain asset classes or economic sectors through ownership of mutual funds rather than through ownership of individual stocks or bonds.; (c) Some mutual funds accommodate investors who do not have a lot of money to invest by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both.; and (d) At any time, mutual fund investors can readily redeem their shares at the current NAV, less any fees and charges assessed on redemption.

Mutual funds also have features that some investors might view as disadvantages: (a) Investors may pay sales charges to acquire or dispose of shares (although our Firm typically chooses fund with a view of avoiding such charges), annual fees, and other expenses regardless of how the

fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distributions they receive. This includes instances where the fund performed poorly after your initial purchase of shares.; (b) Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.; and (c) With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds, however, are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any personal capital gains when the investor sells shares, the investor may have to pay taxes each year on the fund's capital gains realized from the sale of securities within the fund. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit, and cannot use losses to offset these gains.

**Index Funds:** We may choose to include in your portfolio a specific type of mutual fund or exchange-traded fund ("ETF") designed to follow certain preset rules so that the fund can track specified basket of underlying investments. Those rules may include tracking prominent indexes like the S&P 500 or the Dow Jones Industrial Average or implementation rules, such as tax-management, tracking error minimization, large block trading or patient/flexible trading strategies that allows for greater tracking error, but lower market impact costs. Index funds may also have rules that screen for social and/or sustainable criteria. An index fund's rules of construction clearly identify the type of companies suitable for the fund. The most commonly known index fund, the S&P 500 Index Fund, is based on the rules established by Standard & Poor's for their S&P 500 Index. Equity index funds would include groups of stocks with similar characteristics such as the size, value, profitability and/or the geographic location of the companies. A group of stocks may include companies from the United States, Non-US Developed, emerging markets or Frontier Market countries. Additional index funds within these geographic markets may include indexes of companies that include rules based on company characteristics or factors, such as companies that are small, mid-sized, large, small value, large value, small growth, large growth, the level of gross profitability or investment capital, real estate, or indexes based on commodities and fixed-income. Companies are purchased and held within the index fund when they meet the specific index rules or parameters and are sold when they move outside of those rules or parameters. Think of an index fund as an investment utilizing rules-based investing. Some index providers announce changes of the companies in their index before the change date and other index providers do not make such announcements.

Index funds must periodically "rebalance" or adjust their portfolios to match the new prices and market capitalization of the underlying securities in the stock or other indexes that they track. This allows algorithmic traders to perform index arbitrage by anticipating and trading ahead of stock

price movements caused by mutual fund rebalancing, making a profit on foreknowledge of the large institutional block orders. This can result in profits being transferred from investors to algorithmic traders. One problem can occur when a large amount of money tracks the same index. According to theory, a company should not be worth more when it is in an index. But due to supply and demand, a company being added can have a demand shock, and a company being deleted can have a supply shock, and this will impact the price of the company's stock, at least in the short term. This does not show up in tracking error since the index is also affected. A fund may experience less of this impact by tracking a less popular index.

**Real Estate Investment Trusts ("REITs"):** REITs primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development and/or long-term mortgage loans. Changes in the value of the underlying property of the trusts, the creditworthiness of the issuer, property taxes, interest rates, tax laws, and regulatory requirements, such as those relating to the environment all can affect the values of REITs. Both types of REITs are dependent upon management skill, the cash flows generated by their holdings, the real estate market in general, and the possibility of failing to qualify for any applicable pass-through tax treatment or failing to maintain any applicable exempted status afforded under relevant laws.

REITs can involve a high degree of risk and certain REITs can be illiquid due to restrictions on transfer and lack of a secondary trading market. Certain REITs can be highly leveraged, speculative and volatile, and an investor could lose all or a substantial amount of an investment. Additionally, they may lack transparency as to share price, valuation and portfolio holdings as they are subject to less regulation and often charge higher fees.

Our Firm may include REITs in a client's portfolio but generally avoids non-traded, illiquid or private REITs in favor of more established publicly traded REITs with longer public track records.

**Fund of Funds ("FOF"):** For some clients' portfolios, we may choose to include investment in a fund of funds. A fund of funds is a multi-manager investment strategy in which a fund invests in other types of funds. This strategy invests in a portfolio that contains different underlying assets instead of investing directly in bonds, stocks and other types of securities. The FOF strategy aims to achieve broad diversification and appropriate asset allocation with investments in a variety of fund categories that are all wrapped into one fund. These are fund of funds characteristics that attract small investors who want to get better exposure with fewer risks compared to directly investing in securities. However, if the fund of funds carries an operating expense, investors are essentially paying double for an expense that is already included in the expense figures of the underlying funds.

**Margin Transactions:** Though infrequent, our Firm may choose to purchase securities for your portfolio and hold them for short periods of time using money borrowed from your brokerage account. More common is a situation where we may allow or recommend that you pledge securities from your portfolio as collateral for a loan by using margin in a brokerage account. Either of these allow you to purchase more stock than you would be able to with your available cash and allows us to purchase securities without selling other holdings. Margin accounts and transactions generally increase risk and not necessarily appropriate for every client. The potential risks associated with these transactions are: (i) You can lose more funds than are deposited into the margin account; (ii) the forced sale of securities or other assets in your account; (iii) the sale of

securities or other assets without contacting you; (iv) you may not be entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call; and (iv) custodians charge interest on margin balances which will reduce your returns over time.

**Options:** An option is a financial derivative that represents a contract sold by one party (the option writer) to another party (the option holder, or option buyer). The contract offers the buyer the right, but not the obligation, to buy or sell a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). Options are extremely versatile securities. Traders use options to speculate, which is a relatively risky practice, while hedgers use options to reduce the risk of holding an asset. In terms of speculation, option buyers and writers have conflicting views regarding the outlook on the performance of a:

- **Call Option:** Call options give the option to buy at certain price, so the buyer would want the stock to go up. Conversely, the option writer needs to provide the underlying shares in the event that the stock's market price exceeds the strike due to the contractual obligation. An option writer who sells a call option believes that the underlying stock's price will drop relative to the option's strike price during the life of the option, and that is how he will reap maximum profit. This is exactly the opposite outlook of the option buyer. The buyer believes that the underlying stock will rise; if this happens, the buyer will be able to acquire the stock for a lower price and then sell it for a profit. However, if the underlying stock does not close above the strike price on the expiration date, the option buyer could lose the premium paid for the call option.
- **Put Option:** Put options give the option to sell at a certain price, so the buyer would want the stock to go down. The opposite is true for put option writers. For example, a put option buyer is bearish on the underlying stock and believes its market price will fall below the specified strike price on or before a specified date. On the other hand, an option writer who sells a put option believes the underlying stock's price will increase about a specified price on or before the expiration date. If the underlying stock's price closes above the specified strike price on the expiration date, the put option writer's maximum profit is achieved. Conversely, a put option holder would only benefit from a fall in the underlying stock's price below the strike price. If the underlying stock's price falls below the strike price, the put option writer is obligated to purchase shares of the underlying stock at the strike price.

The potential risks associated with these transactions are that (1) all options expire. The closer the option gets to expiration, the quicker the premium in the option deteriorates; and (2) Prices can move very quickly. Depending on factors such as time until expiration and the relationship of the stock price to the option's strike price, small movements in a stock can translate into big movements in the underlying options.

Our Firm does not use options in client portfolios to speculate but occasionally uses options to reduce risk for a particular strategy in a given client situation.

**Private Equity:** Private equity is an equity investment in non-publicly traded companies. The private equity investor looks at an investment prospect as investing in a company as opposed to investing in a company's stock. Private equity funds hold illiquid positions (for which there is no active secondary market) and typically only invest in the equity and debt of target companies,

which are generally taken private and brought under the private equity manager's control. Risks associated with private equity include:

- **Funding Risk:** The unpredictable timing of cash flows poses funding risks to investors. Commitments are contractually binding and defaulting on payments results in the loss of private equity partnership interests. This risk is also commonly referred to as default risk.
- **Liquidity Risk:** The illiquidity of private equity partnership interests exposes investors to asset liquidity risk associated with selling in the secondary market at a discount on the reported NAV.
- **Market Risk:** The fluctuation of the market has an impact on the value of the investments held in the portfolio.
- **Capital Risk:** The realization value of private equity investments can be affected by numerous factors, including (but not limited to) the quality of the fund manager, equity market exposure, interest rates and foreign exchange.

Our Firm does not invest in private equity investments except upon request for inclusion of such investment exposure by the client.

**Private Funds:** A private fund is an investment vehicle that pools capital from a number of investors and invests in securities and other instruments. In almost all cases, a private fund is a private investment vehicle that is typically not registered under federal or state securities laws. So that private funds do not have to register under these laws, issuers make the funds available only to certain sophisticated or accredited investors and cannot be offered or sold to the general public. Private funds are generally smaller than mutual funds because they are often limited to a small number of investors and have a more limited number of eligible investors. Many but not all private funds use leverage as part of their investment strategies. Private funds management fees typically include a base management fee along with a performance component. In many cases, the fund's managers may become "partners" with their clients by making personal investments of their own assets in the fund. Most private funds offer their securities by providing an offering memorandum or private placement memorandum, known as "PPM" for short.

The PPM covers important information for investors and investors should review this document carefully and should consider conducting additional due diligence before investing in the private fund. The primary risks of private funds include the following: (a) Private funds do not sell publicly and are therefore illiquid. An investor may not be able to exit a private fund or sell its interests in the fund before the fund closes.; and (b) Private funds are subject to various other risks, including risks associated with the types of securities that the private fund invests in or the type of business issuing the private placement.

Our Firm does not invest in private fund investments except upon request for inclusion of such investment exposure by the client.

**Structured Products:** Structured products are designed to facilitate highly customized risk-return objectives. While structured products come in many different forms, they typically consist of a debt security that is structured to make interest and principal payments based upon various assets, rates or formulas. Many structured products include an embedded derivative component. Structured products may be structured in the form of a security, in which case these products may receive benefits provided under federal securities law, or they may be cast as derivatives, in which case they are offered in the over-the-counter market and are subject to no regulation.

Investing in structured products includes significant risks, including valuation, lack of liquidity, price, credit and market risks. The relative lack of liquidity is due to the highly customized nature of the investment and the fact that the full extent of returns from the complex performance features is often not realized until maturity.

Another risk with structured products is the credit quality of the issuer. Although the cash flows are derived from other sources, the products themselves are legally considered to be the issuing financial institution's liabilities. The vast majority of structured products are from high-investment-grade issuers only. Also, there is a lack of pricing transparency. There is no uniform standard for pricing, making it harder to compare the net-of-pricing attractiveness of alternative structured product offerings than it is, for instance, to compare the net expense ratios of different mutual funds or commissions among broker-dealers.

Our Firm does not use individual structured products in client portfolios except upon individual request of the client. Some mutual funds, however, may include exposure to structured products within their managed portfolios.

**Variable Annuities (“VA”):** A variable annuity is a type of annuity contract that allows for the accumulation of capital on a tax-deferred basis. As opposed to a fixed annuity that offers a guaranteed interest rate and a minimum payment at annuitization, variable annuities offer investors the opportunity to generate higher rates of returns by investing in equity and bond subaccounts. If a variable annuity is annuitized for income, the income payments can vary based on the performance of the subaccounts. Risks associated with VAs may include:

- Taxes and federal penalties for early withdrawal
- Surrender charges for early withdrawal can last for years
- Earnings taxed at ordinary income tax rates
- Mortality expense to compensate the insurance company for insurance risks
- Fees and expenses imposed for the subaccounts
- Other features with additional fees and charges
- Investment losses

Our Firm does not use variable annuities as an investment vehicle for clients except where dictated by special client circumstances, and then only after discussion with the client

**Alternative Investments:** These generally include hedge funds, commodity pools, Real Estate Investment Trusts (“REITs”), Business Development Companies (“BDCs”), and other alternative investments which involve a high degree of risk and can be illiquid due to restrictions on transfer and lack of a secondary trading market. We do not typically invest client accounts in and/or advise clients on the purchase or sale of alternative assets. Such assets will only be included in the portfolio upon client request and after discussion between the client and the Firm. They can be highly leveraged, speculative and volatile, and an investor could lose all or a substantial amount of an investment. Alternative investments may lack transparency as to share price, valuation and portfolio holdings. Complex tax structures often result in delayed tax reporting. Compared to mutual funds, hedge funds and commodity pools are subject to less regulation and often charge higher fees and may require “capital calls” which would require additional investment. Alternative investment managers typically exercise broad investment discretion and may apply similar strategies across multiple investment vehicles, resulting in less diversification.



**Digital Assets:** Digital Assets generally refers to an asset that is issued and/or transferred using distributed ledger or blockchain technology, including, “virtual currencies” (also known as cryptocurrencies), “coins”, and “tokens”. We do not typically invest client accounts in and/or advise clients on the purchase or sale of digital assets. Such assets will only be included in the portfolio upon client request and after discussion between the client and the Firm. This advice or investment may be in actual digital coins/tokens/currencies or via investment vehicles such as exchange traded funds (ETFs) or separately managed accounts (SMAs). The investment characteristics of Digital Assets generally differ from those of traditional securities, currencies. Digital Assets are not backed by a central bank or a national, international organization, any hard assets, human capital, or other form of credit and are relatively new to the market place. Rather, Digital Assets are market-based: a Digital Asset’s value is determined by (and fluctuates often, according to) supply and demand factors, its adoption in the traditional commerce channels, and/or the value that various market participants place on it through their mutual agreement or transactions. The lack of history to these types of investments entail certain unknown risks, are speculative and are not appropriate for all investors.

- **Price Volatility of Digital Assets:** A principal risk in trading Digital Assets is the rapid fluctuation of market price. The value of client portfolios relates in part to the value of the Digital Assets held in the client portfolio and fluctuations in the price of Digital Assets could adversely affect the value of a client’s portfolio. There is no guarantee that a client will be able to achieve a better than average market price for Digital Assets or will purchase Digital Assets at the most favorable price available. The price of Digital Assets achieved by a client may be affected generally by a wide variety of complex factors such as supply and demand; availability and access to Digital Asset service providers (such as payment processors), exchanges, miners or other Digital Asset users and market participants; perceived or actual security vulnerability; and traditional risk factors including inflation levels; fiscal policy; interest rates; and political, natural and economic events.
- **Digital Asset Service Providers:** Service providers that support Digital Assets and the Digital Asset marketplace(s) may not be subject to the same regulatory and professional oversight as traditional securities service providers. Further, there is no assurance that the availability of and access to virtual currency service providers will not be negatively affected by government regulation or supply and demand of Digital Assets. Accordingly, companies or financial institutions that currently support virtual currency may not do so in the future.
- **Custody of Digital Assets:** Under the Advisers Act, SEC registered investment advisers are required to hold securities with “qualified custodians,” among other requirements. Certain Digital Assets may be deemed to be securities. Many Digital Assets do not currently fall under the SEC definition of security and therefore many of the companies providing Digital Assets custodial services fall outside of the SEC’s definition of “qualified custodian”. Accordingly, clients seeking to purchase actual digital coins/tokens/currencies may need to use nonqualified custodians to hold all or a portion of their Digital Assets.

**Government Oversight of Digital Assets:** Regulatory agencies and/or the constructs responsible for oversight of Digital Assets or a Digital Asset network may not be fully developed and subject to change. Regulators may adopt laws, regulations, policies or rules directly or indirectly affecting Digital Assets their treatment, transacting, custody, and valuation.

## **Risk of Loss**

---

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and the account(s) could enjoy a gain, it is also possible that the stock market may decrease and the account(s) could suffer a loss. It is important that clients understand the risks associated with investing in the stock market, and that their assets are appropriately diversified in investments. Clients are encouraged to ask our Firm any questions in order to assess their risk tolerance.

**Capital Risk:** Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100% of your money. All investments carry some form of risk and the loss of capital is generally a risk for almost any investment instrument. The degree of this risk varies between types of investments.

**Company Risk:** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is sometimes referred to as unsystematic risk and can be reduced, but not eliminated, through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company's stock may be reduced.

**Economic Risk:** The prevailing economic environment is generally important to the health of almost all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

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

**ETF & Mutual Fund Risk:** When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities, the ETF, or mutual fund holds. Clients may also incur brokerage costs when purchasing or selling ETFs.

**Financial Risk:** Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be seen historically in cases like Enron or many of the dot com companies of the late 1990's that were caught up in a period of extraordinary market valuations that were not based on solid financial foundations of the underlying companies.

**Fixed Income Securities Risk:** Typically, the values of fixed-income securities change inversely with prevailing interest rates. Therefore, a fundamental risk of fixed-income securities is interest rate risk, which is the risk that their market value will generally decline as prevailing interest rates rise, which may cause your account value to likewise decrease, and vice versa. The manner in which specific fixed income securities may react to changes in interest rates will depend on the specific characteristics of each security. Fixed-income securities are also subject to credit risk, prepayment risk, valuation risk, and liquidity risk. Credit risk is the chance that a bond issuer 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 a bond to decline.

**Higher Trading Costs:** For any investment instrument or strategy that involves active or frequent trading, you may experience larger than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

**Inflation Risk:** Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not match the same purchasing power value they have today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from monetization of that investment will possess less buying power in the future than what that same amount of proceeds would purchase today. Said another way, a dollar tomorrow will likely get you less than what it can today.

**Legal/Regulatory Risk:** Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

**Liquidity Risk:** Certain assets may not be readily and easily converted into cash or may have a very limited market in which they trade. This can create a substantial delay in the receipt of proceeds from an investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

**Market Risk:** The value of your portfolio may decrease if the value of an individual company or multiple companies in the portfolio decreases or if our belief about a company's intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of your portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, even if the underlying economic fortunes of the companies whose stocks you own have not deteriorated, with the result that you could lose money. Investment risks include price risk as may be observed by a drop in a security's price due to company specific events (e.g. earnings disappointment or downgrade in the rating of a bond) or general market risk (e.g. such as a "bear" market when stock values fall in general). For fixed-income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields go up. Past performance is not a guarantee of future returns.

**Options Risk:** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Additionally, options have an expiration date, which makes them “decay” in value over the amount of time they are held because they can expire worthless. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

**Past Performance:** Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment’s future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, investors should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer thereof.

**Preferred Securities Risk:** Preferred Securities generally have similar characteristics to bonds in that preferred securities are usually designed to make fixed payments based on a percentage of their par value and are senior to common stock. Like bonds, the market value of preferred securities is sensitive to changes in interest rates as well as changes in issuer credit quality. Preferred securities, however, are junior to bonds with regard to the distribution of corporate earnings and liquidation in the event of bankruptcy. Preferred securities that are in the form of preferred stock also differ from bonds in that dividends on preferred stock must be declared by the issuer’s board of directors, whereas interest payments on bonds generally do not require action by the issuer’s board of directors, and bondholders generally have protections that preferred stockholders do not have, such as indentures that are designed to guarantee payments – subject to the credit quality of the issuer – with terms and conditions for the benefit of bondholders. In contrast preferred stocks generally pay dividends, not interest payments, which can be deferred or stopped in the event of credit stress without triggering bankruptcy or default. Another difference is that preferred dividends are paid from the issue’s after-tax profits, while bond interest is paid before taxes.

**Strategy Risk:** There is no guarantee that the investment strategies discussed herein will work under all market conditions or any conditions, and each investor should evaluate his/her ability to maintain any investment he/she is considering in light of his/her own investment time horizon. Investments are subject to risk, including possible loss of principal.

### **Description of Material, Significant or Unusual Risks**

---

Our Firm generally invests client cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, our Firm tries to achieve the highest return on client cash balances consistent with safety, through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our Firm may debit advisory fees for our services related to our Comprehensive Portfolio Management service. A modest cash balance is also maintained as what we consider a “trading buffer” allowing us to make changes in portfolio positions for both the buy and sell side of a transaction without having to wait for cash from settlement, which may be one to three days later.

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

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

### **Dynasty Network**

Our Firm maintains a business relationship with Dynasty Financial Partners, LLC (“Dynasty”). Dynasty offers operational and back-office core service support including access to a network of service providers. Through the Dynasty network of service providers, we may receive preferred pricing on trading, technology, transition support, reporting, custody, brokerage, compliance, and other related consulting services.

While we believe this open architecture structure for operational services best serves the interest of our Clients, this relationship may potentially present certain conflicts of interest due to the fact that Dynasty is paid by us for the services referenced above. We believe that this combination of services is acquired for a cost more economical than what we could reproduce independently, but to the extent that might not be the case, our Firm’s profitability would be lower than otherwise and impact the Concession fee credit to clients described above. In light of the foregoing, we seek at all times to ensure that any material conflicts are addressed on a fully-disclosed basis and handled in a manner that is aligned with the Client’s best interest. We do not receive any portion of the fees paid directly to Dynasty, its affiliates or the service providers made available through Dynasty’s platform. In addition, we review such relationships, including the service providers engaged through Dynasty, on a periodic basis in an effort to ensure you are receiving competitive rates in relation to the quality and scope of the services provided.

### **Dynasty Financing**

We have obtained financing for our business through Dynasty Advisors Financing Services, LLC (“DAFS”), a wholly-owned subsidiary of Dynasty and an affiliate of Dynasty Wealth Management, LLC, a registered investment adviser. DAFS, in partnership with various independent banks, has provided us with a lending facility to assist with business transition expenses and other costs associated with launching our Firm. We are not obligated to use the DAFS lending facility in order to obtain other services from Dynasty. All lending is subject to standard underwriting requirements. A portion of this loan may be furnished directly from Dynasty as a co-lender. In such situations, we will be subject to the same lending facility criteria and requirements as applied by the independent bank.

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

### **Description of Our Code of Ethics:**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our Firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our Firm are expected to adhere strictly to these guidelines. Persons associated with our Firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our Firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

**Participation or Interest in Client Transactions:**

Neither our Firm nor any persons associated with our Firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

**Personal Trading Practices:**

Our Firm or persons associated with our Firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our Firm nor persons associated with our Firm shall have priority over your account in the purchase or sale of securities.

**Aggregated Trading:**

Our Firm or persons associated with our Firm may buy or sell securities for you at the same time we or persons associated with our Firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("aggregated trading"). Refer to the Brokerage Practices section in this brochure for information on our aggregated trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our Firm nor persons associated with our Firm shall have priority over your account in the purchase or sale of securities.

## **Item 12: Brokerage Practices**

### **Selecting a Brokerage/Custodian Firm**

---

Fidelity

The following disclosure is provided to you for those cases where we recommend National Financial Services LLC and Fidelity Brokerage Services LLC (collectively and together with all affiliates, "Fidelity") as your brokerage custodian:

While our Firm does not maintain physical custody of client assets, we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts (see

*Item 15 Custody*, below). Client assets must be maintained by a qualified custodian. Our Firm seeks to recommend a custodian who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. The factors considered, among others, are these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Execution facilitation services provided
- Record keeping services provided
- Business reputation
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Quality of services

Our Firm has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides our Firm with "institutional platform services." Our Firm is independently operated and owned and is not affiliated with Fidelity. The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist us in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity may make certain research and brokerage services available at no additional cost to our Firm. Research products and services provided by Fidelity may include: research reports on recommendations or other information about particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Fidelity to our Firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934.

Fidelity does not make fees generated by client transactions available for our Firm's use. The aforementioned research and brokerage services are used by our Firm to manage accounts for which our Firm has investment discretion. Without this arrangement, our Firm might be compelled to purchase the same or similar services at our own expense.

As part of our fiduciary duty to our clients, our Firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our Firm or our related persons creates a potential conflict of interest and may indirectly influence our Firm's choice of Fidelity as a custodial recommendation. Our Firm examined this potential conflict of interest when our Firm chose to recommend Fidelity and have determined that the recommendation is in the best interest of our Firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Our clients may pay a transaction fee or commission to Fidelity that is higher than another qualified broker dealer might charge to effect the same transaction where our Firm determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services provided to the client as a whole.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our Firm will seek competitive rates, to the benefit of all clients, our Firm may not necessarily obtain the lowest possible commission rates for specific client account transactions.

#### Schwab

We may recommend that you utilize the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab") as your broker-custodian. The following disclosure is provided if we have made a recommendation of Schwab:

Our Firm does not maintain custody of client assets (although our Firm may be deemed to have custody of client assets if give the authority to withdraw assets from client accounts. See *Item 15 Custody*, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Our Firm recommends that clients use the Schwab Advisor Services division of Charles Schwab & Co. Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. Our Firm is independently owned and operated, and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed. While our Firm recommends that clients use Schwab as custodian/broker, clients will decide whether to do so and open an account with Schwab by entering into an account agreement directly with them. Our Firm does not open the account. Even though the account is maintained at Schwab, our Firm can still use other brokers to execute trades, as described in the next paragraph.

#### How Brokers/Custodians Are Selected:

Our Firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. A wide range of factors are considered, including, but not limited to:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider



- prior service to our Firm and our other clients
- availability of other products and services that benefit our Firm, as discussed below (see *"Products & Services Available from Schwab"*)

### Custody & Brokerage Costs

Schwab generally does not charge a separate fee for custody services, but is compensated by charging commissions or other fees to clients on trades that are executed or that settle into the Schwab account. In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that our Firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize client trading costs, our Firm has Schwab execute most trades for the accounts.

### Products & Services Available from Schwab

Schwab Advisor Services is Schwab's business serving independent investment advisory Firms like our Firm. They provide our Firm and clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab's support services are generally available on an unsolicited basis (our Firm does not have to request them) and at no charge to our Firm. The availability of Schwab's products and services is not based on the provision of particular investment advice, such as purchasing particular securities for clients. Here is a more detailed description of Schwab's support services:

#### Services that Benefit Clients

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which our Firm might not otherwise have access or that would require a significantly higher minimum initial investment by Firm clients. Schwab's services described in this paragraph generally benefit clients and their accounts.

#### Services that May Not Directly Benefit Clients

Schwab also makes available other products and services that benefit our Firm but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include investment research, both Schwab's and that of third parties. This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;

- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

#### Services that Generally Benefit Only Our Firm

Schwab also offers other services intended to help manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to our Firm. Schwab may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide our Firm with other benefits, such as occasional business entertainment for our personnel. Irrespective of direct or indirect benefits to our client through Schwab, our Firm strives to enhance the client experience, help clients reach their goals and put client interests before that of our Firm or associated persons.

#### Our Interest in Schwab's Services.

The availability of these services from Schwab benefits our Firm because our Firm does not have to produce or purchase them. Our Firm does not have to pay for these services, and they are not contingent upon committing any specific amount of business to Schwab in trading commissions or assets in custody.

In light of our arrangements with Schwab, a conflict of interest exists as our Firm may have incentive to require that clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our Firm rather than based on client interest in receiving the best value in custody services and the most favorable execution of transactions. As part of our fiduciary duty to our clients, our Firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our Firm or our related persons creates a potential conflict of interest and may indirectly influence our Firm's choice of Schwab as a custodial recommendation. Our Firm examined this potential conflict of interest when our Firm chose to recommend Schwab and have determined that the recommendation is in the best interest of our Firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our Firm will seek competitive rates, to the benefit of all clients, our Firm may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our Firm believes that the selection of Schwab as a custodian and broker is the best interest of our clients. It is primarily supported by the scope, quality and price of Schwab's services, and not Schwab's services that only benefit our Firm.

## **Client Fees for Transactions**

---

Neither Fidelity nor Schwab makes client fees generated by client transactions available for our Firm's use.

## **Client Transactions in Return for Soft Dollars**

---

Our Firm does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

## **Brokerage for Client Referrals**

---

Our Firm does not receive brokerage for client referrals.

## **Directed Brokerage**

---

Neither our Firm nor any of our Firm's representatives have discretionary authority in making the determination of the brokers-dealers and/or custodians with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Our Firm routinely recommends that clients direct us to execute through a specified broker-dealer. Our Firm generally recommends the use of Fidelity or Schwab. In most cases, client will be required to establish their account(s) with Fidelity or Schwab if not already done. Please note that not all advisers have this requirement.

## **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, our Firm will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

## **Client-Directed Brokerage**

---

Our Firm may establish accounts which allow clients to direct brokerage outside our recommendation. Our Firm may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, clients may pay higher brokerage commissions because our Firm may not be able to aggregate orders to reduce transaction costs, or clients may receive less favorable prices.

## **Aggregation of Purchase or Sale**

---

Our Firm provides investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our Firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when our Firm believes that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, our Firm attempts to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

### **Mutual Fund Share Classes**

---

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration the availability of advisory, institutional or retirement plan share classes, initial and ongoing share class costs, transaction costs (if any), tax implications, cost basis and other factors. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent or deferred sales charges.

## **Item 13: Review of Accounts or Financial Plans**

---

Our management personnel or investment advisors review accounts on at least an annual basis for our Portfolio Management Services clients. The nature of these reviews is to learn whether client accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Our Firm does not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when our Comprehensive Portfolio Management clients are contacted.

Our Firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

### **Investment Policy Committee Reviews**

#### **Overview**

The Investment Policy Committee establishes overall Firm allocation policy along with client risk models and specific portfolio solutions. The Investment Policy Committee and Investment/Trading teams, routinely review allocation policy, client risk models and portfolio solutions. The investment advisors are responsible for working with clients to establish their overall investment policy, which broadly defines the appropriate risk model and personalized investment allocation, in accordance with Firm established policy. The Investment/Trading Team, along with the client assigned investment advisor, routinely review client portfolios managed on a discretionary basis for actionable deviations in client defined investment policy and specific portfolio solution.

### Frequency

The Investment Policy Committee reviews Firm allocation policy, risk models and specific portfolio solutions. Client portfolios are routinely monitored by the Investment/Trading Teams and Wealth Advisors for deviations against client defined investment policy and portfolio solution.

### Reason

Account reviews are completed because:

- A deviation in investment policy has been identified, which may relate to overall asset allocation/risk model, as defined by client's investment policy
- A change in the Investment Policy Committee's recommended asset allocation policy, risk model, and/or specific client portfolio solutions
- An update has been made to the client's investment policy, asset allocation and/or specific portfolio solution, cash positions have accumulated above recommended/policy levels based on portfolio income, contributions, sells of non-managed securities, or previously held cash reserves no longer required
- To raise cash for anticipated portfolio distributions, routine or otherwise

Financial and Wealth Planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. Our Firm does not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately request our Firm for a post-financial plan meeting or update to their initial written financial plan.

Retirement Plan Consulting clients receive reviews of their retirement plans for the duration of the service. Our Firm also provides ongoing services where clients are met with upon their request to discuss updates to their plans, changes in their circumstances, etc. Retirement Plan Consulting clients do not receive written or verbal updated reports regarding their plans unless they choose to engage our Firm for ongoing services.

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

Dynasty has assisted the Firm in negotiating or facilitating payments from Fidelity / Schwab ("Custodian") in the form of credits or monies to be applied toward qualifying third-party service provider expenses incurred in relation to transition costs or the provision of core services. This may include, but is not limited to, support of the Firm's research, marketing, technology or software platforms. The receipt of transition assistance creates a conflict of interest for our Firm to recommend clients to use Custodian to custody their assets. In attempt to mitigate this conflict of interest, our Firm has evaluated the Custodian's full suite of services and recommend the use of the Custodian based on the overall value of such services.

### **Fidelity**

---

Except for the arrangements outlined in Item 12 of Form ADV Part 2A, our Firm has no additional arrangements to disclose.

## **Referral Fees**

---

The Firm sometimes compensates individuals or businesses for client referrals to us. The Firm will generally pay between 15% and 35% of the annual investment advisor fee, for a period of time that may be up to 7 years or longer, to the individual/entity.

In order to receive a cash referral fee from us, promoters must comply with the requirements of the jurisdictions in which they operate. If you become a client, the promoter that referred you to our Firm will receive a percentage of the advisory fee you pay our Firm for as long as you are our client, or until such time as our agreement with the promoter expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a promoter are contingent upon your entering into an advisory agreement with our Firm. Therefore, a promoter has a financial incentive to recommend our Firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our Firm for advisory services. Comparable services and/or lower fees may be available through other Firms.

## **Schwab**

---

Our Firm receives economic benefit from Schwab in the form of the support products and services made available to our Firm and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit our Firm, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability of Schwab's products and services is not based on our Firm giving particular investment advice, such as buying particular securities for our clients.

Dynasty Securities, LLC ("Dynasty Securities"), which is a wholly owned subsidiary of Dynasty Financial Partners, LLC, and an affiliate of Dynasty Wealth Management, LLC ("Dynasty Wealth Management") (collectively "Dynasty") has entered into a Marketing and Business Development Agreement ("Agreement") with Charles Schwab & Co., Inc. ("Schwab") whereby Dynasty Securities and Schwab collaborate to identify financial advisor candidates that establish a custodial relationship with Schwab and to use Dynasty's integrated platform services. Dynasty Securities receives payment from Schwab each quarter in connection with the Agreement. The Agreement creates an incentive for Dynasty to encourage its network advisors to custody clients' assets with Schwab due to the economic benefit it may receive which is a conflict of interest. There may be other entities available to supply similar custody services at a lower fee. Financial advisors joining the Dynasty network of registered investment advisors are not required to select Schwab as their custodian in order to receive services from Dynasty.

## **Product Sponsors**

---

Our Firm occasionally sponsors events in conjunction with our product providers in an effort to keep our clients informed as to the services we offer and the various financial products we utilize. These events are educational in nature and are not dependent upon the use of any specific product. While a conflict of interest may exist because these events are at least partially funded by product sponsors, all funds received from product sponsors are used for the education of our

clients. We will always adhere to our fiduciary duty in recommending appropriate investments for our clients.

Representatives of our Firm will occasionally accept travel expense reimbursement provided by product sponsors in order to attend their educational events. The reimbursement is not directly dependent upon the recommendation of any specific product. Although we may be incentivized to recommend products from product sponsors that reimburse our travel, our representatives will always adhere to their fiduciary duty in recommending appropriate investments for our clients.

## **Item 15: Custody**

### **Advisory Fee Deduction:**

While our Firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under “Third Party Money Movement.” All of our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our Firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our Firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

### **Third Party Money Movement:**

On February 21, 2017, the SEC issued a no-action letter (“Letter”) with respect to Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of authorization (“SLOA”) is deemed to have custody. As such, our Firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client’s qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.

- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### **Item 16: Investment Discretion**

Clients typically engage with us by providing our Firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, our Firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. In limited instances, we may contract with clients under a non-discretionary arrangement. Should clients grant our Firm non-discretionary authority, our Firm would be required to obtain the client's permission prior to effecting securities transactions. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our Firm's written acknowledgement.

### **Item 17: Voting Client Securities**

Our Firm does not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our Firm, our Firm will forward them to the appropriate client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

### **Item 18: Financial Information**

Our Firm is not required to provide financial information in this Brochure because:

- Our Firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months.
- Our Firm does not take custody of client funds or securities.
- Our Firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- Our Firm has never been the subject of a bankruptcy proceeding.