

# Woodmont Advisory Group, Inc.

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This brochure provides information about the qualifications and business practices of Woodmont Advisory Group, Inc. It is prepared pursuant to regulatory requirements. If you have any questions about the contents of this brochure, please contact us at the phone number or website listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Woodmont Advisory Group, Inc. is a registered investment adviser with the SEC under the Investment Advisers Act of 1940 (the "Advisers Act"). However, such registration does not imply a certain level of skill or training. Additional information about Woodmont Advisory Group, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Dated: March 27, 2023**

## Item 2 Material Changes

This Form ADV, Part 2, also known as the “Brochure”, requires disclosure on distinct topics, and answers must be presented in the order of the items in the form, using the headings in the form. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

After the initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

**Summary of Material Changes:**

Please note that there were no “material changes” made to this Brochure since our last delivery or posting of the Brochure on the SEC’s public disclosure website; however, this Brochure does include a number of minor editorial changes, and updated information on our assets under management.

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## **Item 4 Advisory Business**

### **INTRODUCTION**

Woodmont Advisory Group, Inc. (herein referred to as "Woodmont," "Firm," "we," "our," or "us") is a registered Investment Advisory firm since March 1991. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide you, including this Brochure, is information you can use to evaluate us and other advisers, which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship. This Brochure provides information about our qualifications and business practices.

### **OWNERSHIP**

Henry W. Stephenson, Jr., President and Chief Compliance Officer, is also the sole shareholder and owner of Woodmont.

### **ADVISORY SERVICES OFFERED**

We manage accounts on a discretionary basis and are invested in a combination of ETF's, no load, open end Index and managed funds. Both domestic and international funds are utilized, but equity funds are the primary focus.

Woodmont is an investment advisory firm primarily providing portfolio management services.

Our service constitutes an ongoing process by which:

- a) Your investment objectives, constraints and preferences are identified and specified.
- b) Your strategies are developed and implemented through a combination of financial assets.
- c) Capital market conditions and your circumstances are monitored; and
- d) Portfolio adjustments are made as appropriate to reflect significant changes to any or all of the above relevant variables.

### **PORTFOLIO MANAGEMENT SERVICES:**

We provide portfolio management services on a discretionary basis. Our portfolio management program is designed to provide you with the appropriate asset allocation, diversification and risk characteristics consistent with prudent portfolio management. Our advice is not limited to these types of investments.

On a discretionary basis, we prepare a portfolio for you. The investments are determined based upon your investment objectives, risk tolerance, net worth, net income, age, investment time horizon, tax situation and other various suitability factors.

Our investment management program consists of four primary components:

1. Investment Policy Review - We discuss with you such topics as investment objectives, risk tolerance, and liquidity needs. From the results of this assessment, we can create an investment policy statement, which serves as the benchmark for measuring volatility and performance.
2. Asset Allocation - Based on the result of the investment policy review, we allocate investment dollars between equity and fixed-income assets. This allocation is adjusted from time to time, depending on changes in your personal situation and/or investment performance.
3. Investment Selection - At the conclusion of steps (1) and (2) above, we recommend an initial group of assets for investment. Investments can be a combination of ETF's, no load, open end Index and managed funds. Both domestic and international funds are utilized, but equity funds are the primary focus.
4. Management - Once your portfolio is in place, we will monitor the performance of the overall account as well as the performance of each individual asset or mutual fund. From time to time, we will recommend and implement changes to the portfolio.

We provide continuous evaluation of the portfolio in terms of risk, rate of return, asset allocation and diversification. We monitor the account for possible repositioning and can from time-to-time replace selected mutual funds and/or other assets with similar investment characteristics or alternate ones based on our analysis of the account, your circumstances and the financial markets.

Custody of client accounts for both securities and funds will be maintained at Fidelity Investments, Inc., Schwab Institutional, a division of Charles Schwab & Co., Inc. or other qualified custodian. Neither the Firm nor its advisory agents are affiliates of Schwab or Fidelity Investments or any other custodian used for our clients.

We do not sponsor or act as a portfolio manager for any wrap fee programs.

**ASSETS UNDER MANAGEMENT:**

As of December 31, 2022, Woodmont had no non-discretionary assets under management, and \$172,597,662 in discretionary assets under management.

## Item 5 Fees and Compensation

**Assets Under Management- Portfolio Management Program Fee Schedule:**

<u>Account Value</u>	<u>Quarterly Fee Rate</u>
\$ 100 - \$ 99,999	0.3750% of assets (1.50% per year)
\$ 100,000 - \$249,999	0.3125% of assets (1.25% per year)
\$ 250,000 - Up	0.2500% of assets (1.00% per year)

We reserve the right to negotiate fee rates and terms for individual and institutional clients.

Portfolio Management fees will be directly deducted from your account at the custodian unless otherwise negotiated quarterly in advance or in arrears from your accounts within thirty (30) days following the end of the quarter. Our fees are based on the percentages listed in the Fee Schedule on ending account market values based on the calendar quarter custodial statement. The fee is calculated by multiplying the ending account market values of the account from the previous quarter by the annual fee multiplied by the actual number of days in the quarter divided by the number of days in the year.

Portfolio Management fees will be billed in one of two ways.

- (1) Fees will be directly deducted from your account at the custodian quarterly in advance from your accounts within thirty (30) days following the end of the quarter. We will send the qualified custodian written notice of the amount of the fee to be deducted from your account.

We and/or the custodian shall provide written notice/invoice documentation reasonably supporting the determination of the investment advisor fees. The Custodian will send to you a quarterly Account statement that shows the amount of our advisory fee, the value of your assets upon which the fee was based, and the specific manner in which the fee was calculated. We will verify that the Custodian sends Account statements on a quarterly basis.

You should compare invoices for advisory fees to the corresponding custodian statement. Statements should be received from the custodian no less than quarterly. If statements are not received, contact us immediately.

- (2) Fees will be directly invoiced on a quarterly basis within (30) days following the end of the quarter. (For clients wishing to be billed must have approval and arrangements made in advance).

**Termination**

In the event you terminate within five (5) business days of the effective date of the agreement, the fee will be refunded in full. After five business days, either party can terminate the Agreement at any time and for any reason, upon thirty (30) days written notice to the other party. A refund of our unearned fees will be made on a prorated basis from the time of termination. Earnings of prepaid fees due or collected from you shall be directly amortized over the number of days in each quarter period and shall be the basis for calculating a fee refund.

It is understood that the Agreement can be terminated at any time, by either party immediately upon receipt of written notice from one party to the other. In the case that we receive written notice of the termination of the Agreement, we to the best of our ability will fulfill any specific instructions in the written notice. If no specific instructions are given, we shall honor our basic fiduciary responsibility to preserve capital.

The agreement shall remain in full force and effect until expressly revoked as provided in the Agreement. The Agreement cannot be assigned or sold by us to any other party without the prior written consent of you.

**Retirement Accounts - DOL Disclosure**

We are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act of 1974 ("ERISA") and/or the Internal Revenue Code ("Code"), as applicable, when we provide investment advice regarding portfolio assets held in an IRA, Roth IRA, Archer Medical Savings Account, a Plan covered by ERISA, or a plan described in Section 4975(e)(1)(A) of the Code (collectively referred to collectively sometimes herein as ("Retirement Accounts").

To ensure that Woodmont will adhere to fiduciary norms and basic standards of fair dealing, we are required to give advice that is in the "best interest" of the retirement client. The best interest standard has two chief components, prudence and loyalty. Under the prudence standard, the advice must meet a professional standard of care and under the loyalty standard, our advice must be based on the interests of our retirement clients, rather than the potential competing financial interest of Woodmont.

To address the conflicts of interest with respect to our compensation, we are required to act in your best interest and not put our interest ahead of yours. To this end, 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.

**ERISA Accounts, Profit Sharing 401(k), SEP's:**

We can also have other retirement accounts which are subject to ERISA rules and regulations. In all cases an "eligible investment advice arrangement" or advisory agreement will be executed with the Client. We will be considered a "fiduciary advisor" and will charge fees to the retirement account.

**Additional Types of Fees or Expenses:**

Portfolio Management fees do not include the cost of custodial services for individual retirement accounts for qualified retirement plans. Transaction costs are not commissions. They are clearing costs charged by the designated clearing firm on the account. We can elect at our option to bear the cost of transactions under certain circumstances. Additional fees can be incurred while the funds are in a money market fund or other no-load fund. These fees are charged and collected by the mutual funds and are not refundable to Client.

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

We do not charge performance- based fees, nor do we provide side-by-side management services.

## **Item 7 Types of Clients**

### **Client Base:**

Our customer base can consist of individuals, high net worth individuals, corporations and pension and profit-sharing plans. Other types of clients serviced by us include Joint Accounts; Joint Accounts-Tenants In Common; Joint Accounts with Rights of Survivorship; Custodial Accounts; Retirement Accounts; Money Purchase Plans, IRA Accounts; SEP-IRA Accounts, Keogh Accounts; 401-K Accounts, Defined Benefit Accounts, Variable Annuity Accounts. These are the types of clients that we service, but we may not have all these types as current clients at any one time.

### **Conditions for Account Management:**

We have no imposed minimum account size to be managed by us.

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

### **Methods of Analysis & Investment Strategies:**

We are a strategic asset allocation firm. Our process for making allocation decisions is based, primarily, on market probabilities. Our program is a disciplined approach which seeks to keep its clients exposed to the rewards of the stock market while acknowledging and attempting to reduce the risk and volatility associated with major market declines. The focus is long-term, the goal is long-term capital appreciation.

There are many indicators that combine to produce the allocation decision which will indicate portfolio adjustments in regard to equity fixed income or money market fund weightings. The key indicator areas that carry the most weight in the process are based on stock market psychology, valuation monetary and trend. We also use a fundamental and technical security analysis method.

Fundamental Analysis involves using real data to evaluate a security's value. We perform fundamental analysis on a securities value by looking at economic factors, such as interest rates and the overall state of the economy, information about issuers, potential changes in credit ratings, revenues, earnings, future growth, return on equity, profit margins and other data to determine underlying value and potential for future growth.

Technical Analysis involves studying supply and demand in the market to determine what direction, or trend will continue in the future by understanding the emotions in the market as opposed to its components. Understanding the benefits and limitations of technical analysis can give a new set of tools or skills that will enable us to be a better trader or investor.

Our security analysis information is based on a number of sources including financial newspapers, periodicals, commercially available investment services, issuer prepared information, security rating services, general market and financial information, due diligence reviews and specific investment analysis that our clients can request.

We utilize Schwabinstitutional.com provided to us by Charles Schwab & Company, Inc. This software program provides us with timely and accurate information through a downloading process. Schwabinstitutional.com is provided to us at no cost to you or our firm since the aggregate assets managed by us exceed the minimum criteria established by Charles Schwab and Company.

We utilized the [www.fidelitywealthcentral.com](http://www.fidelitywealthcentral.com) to link our workstations to Fidelity Investments. .

**Investment Strategy:**

We work with you to devise an investment strategy to meet your financial objectives. This includes:

- discussion regarding your objectives
- review of existing holdings
- ongoing analysis of funds
- advice on best direction for new investments
- updates of specific changes within the market or to particular funds
- regular monitoring of recommended investments and yearly review

The flexibility of our strategies gives us the ability to best manage investment risks in any investment market. Our investment strategy utilizes no load mutual funds and individual stocks bonds, ETF's etc. to diversify across asset classes or uncommon strategies utilizing private equity, hedge funds, real estate, structured notes and other alternative categories. Portfolios are rebalanced on a periodic basis.

**Risk of Loss:** Investing in securities involves a risk of loss that clients should be prepared to bear. The advice offered by our Firm to clients is determined by the areas of expertise of the agent providing the service and the client's stated objective. Our clients are advised to notify our Firm promptly if there are ever any changes in your financial situation or investment objective or if you wish to impose any reasonable restrictions upon our management services. If you wish to impose any reasonable restrictions upon our management services, you will need to advise us in writing of any restrictions.

We do not represent, warrant, or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. All securities trading, whether in stocks, options, or other investment vehicles, is speculative in nature and involves substantial risk of loss that clients should be prepared to bear. Past performance is not necessarily indicative of future results. Clients should make every effort to understand the risks involved.

**The Principal Risks of Investing include, but are not limited to:**

**General Risks:** Your investments with us are not a deposit of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Accordingly, you can lose money by investing with us. When you sell your investments, they can be worth less than what you paid for them because the value of investments will fluctuate reflecting day-to-day changes in market conditions, interest rates and a number of other factors.

**Allocation Risk:** Our allocation of investments among different asset classes, such as equity or fixed-income assets classes, can have a more significant effect on your returns when one of these classes is performing more poorly than others.

**Market Risk:** Stock and bond markets often trade in random price patterns, and prices can fall over sustained periods of time. The value of the investments we make for you will fluctuate as the financial markets fluctuate. This could result in your account value(s) declining over short or long-term periods of time.

**Focused and Concentrated Portfolio Risks:** We will often invest your assets in a smaller number of securities than other broadly diversified investment strategies. Our approach is often referred to as "focused, concentrated, or non-diversified." Accordingly, the money we manage for you can have more volatility and is often considered to have more risk than a strategy that invests in a greater number of securities because changes in the value of a single security can have a more significant effect, either negative or positive, on your overall portfolio value. To the extent we invest your assets in fewer securities, or we invest in non-diversified funds that take a focused or concentrated approach, your assets are subject to greater risk of loss if any of those securities become permanently impaired.



**Equity Risk:** Your investments will be subjected to the risk that stock prices can fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of equity securities in your portfolio can fluctuate drastically from day to day. Individual companies can report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies can suffer a decline in response. These factors will contribute to the volatility and risk of your assets.

**Special Situation Risk:** We can invest your assets in special situations. Investments in special situations can involve greater risks when compared to other strategies due to a variety of factors.

Expected changes cannot occur, or transactions can take longer than originally anticipated, resulting in lower returns than contemplated at the time of investment. Additionally, failure to anticipate changes in the circumstances affecting these types of investments can result in permanent loss of capital, where we will be unable to recoup some or all of its investment.

**Foreign Securities Risk:** We have the ability to invest in foreign securities, and, from time to time, a significant percentage of your assets can be composed of foreign investments. Foreign investments involve greater risk in comparison to domestic investments because foreign companies/securities: can have different auditing, accounting, and financial reporting standards; cannot be subject to the same degree of regulation as U.S. companies, and can have less publicly available information than U.S. companies; and are often denominated in a currency other than the U.S. dollar.

**Currency Risk:** Your investments can be subject to currency risk. Currency fluctuations and changes in the exchange rates between foreign currencies and the U.S. dollar could negatively affect the value of your investments in foreign securities.

**Interest Rate Risk:** Your investments are subject to interest rate risk. Interest rate risk is the risk that the value of a security will decline because of a change in general interest rates. Investments subject to interest rate risk will usually decrease in value when interest rates rise. For example, fixed-income securities with long maturities typically experience a more pronounced change in value when interest rates change.

**Credit Risk:** Your investments are subject to credit risk. An investment's credit quality depends on its ability to pay interest on and repay its debt and other obligations.

**Small- to Medium-Capitalization Risk:** We can invest your assets in small to medium-sized companies. Shares of small to medium sized companies can have more volatile share prices. Furthermore, the securities of small to medium companies often have less market liquidity and their share prices can react with more volatility to changes in the general marketplace.

**Junk Bond/High-Yield Security Risk:** We can invest your assets in Junk Bonds or High-Yield, lower rated securities. Investments in fixed-income securities that are rated below Investment grade can be subject to greater risk of loss of principal and interest than investments in higher-rated fixed-income securities. The market for high yield securities can be less liquid than the market for higher-rated securities. High yield securities are also generally considered to be subject to greater market risk than higher-rated securities. The capacity of issuers of high yield securities to pay interest and repay principal is more likely to weaken than is that of issuers of higher-rated securities in times of deteriorating economic conditions or rising interest rates.

**Prepayment Risk:** Your investments can be subject to prepayment risk. Prepayment risk occurs when the issuer of a security can repay principal prior to the security's maturity. Securities subject to prepayment can offer less potential for gains during a declining interest rate environment and similar or greater potential for loss in a rising interest rate environment. In addition, the potential impact of prepayment features on the price of a security can be difficult to predict and result in greater volatility.

**Inflation Risk:** This is the risk that the value of your assets or income your investments will be less in the future as inflation decreases the value of your money. As inflation increases, the value (purchasing power) of your assets can decline. This risk increases as we invest a greater portion of your assets in fixed-income securities with longer maturities.

**Liquidity Risk:** Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing us from selling out of these illiquid securities at an advantageous price.

## Item 9 Disciplinary Information

Registered Investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our management.

Our Firm does not have any material facts about legal or disciplinary events that are material to your evaluation of the integrity of our firm or its advisory agents to disclose. Your confidence and trust placed in our Firm and its advisory agents is something we value and endeavor to protect.

## Item 10 Other Financial Industry Activities and Affiliations

### Non-Related Entity Relationships:

#### Charles Schwab & Co. Inc.

We have an arrangement with Charles Schwab & Co., Inc. ("Schwab"), an unaffiliated registered broker-dealer, member FINRA/SIPC, to act as the qualified custodian for both securities and funds. Through this arrangement Schwab provides us with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors at no charge to them so long as a total of at least \$10 million of the advisor's clients' account assets are maintained at Schwab, and are not otherwise contingent upon us committing to Schwab any specific amount of business (assets in custody or trading). Schwab services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab also makes available to us other products and services that benefit us but cannot benefit your account(s).

#### Other Financial Industry:

We work with affiliated independent solicitors as part of our marketing and business plan. The solicitors are other affiliated RIA's. The solicitors share in the advisory fees that we receive from the clients. We do not share in any commissions or fees, if any, received by solicitors from a third-party.

We also work with various unaffiliated investment companies and custodians only to the extent that arrangements are made with management to be sure that their back-office operations and management can accommodate the services provided by us. We do not receive commissions or fees, if any, when clients purchase mutual fund shares.

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

### **Code of Ethics:**

We have adopted a Code of Ethics Policy to prohibit conflicts of interest from personal trading by our advisory personnel and have established standards of conduct expected of our advisory personnel. We have set forth in the Code of Ethics Policy statements of general principals, required course of conduct, reporting obligations, and review and enforcement of the Code of Ethics Policy. We will provide a copy of the Code of Ethics Policy to our clients or prospective clients upon written request.

### **Participation or Interest in Client Transactions / Personal Trading:**

Our Advisory Agents will buy or sell for themselves securities that they also recommend to you. These investment products will be bought and sold on the same basis as you buy them. We will transact your transactions and business before their own when similar securities are being bought or sold. In all instances, the positions would be so small as to have no impact on the pricing or performance of the security. We will do everything possible to mitigate these conflicts. Records of all advisory associate's proprietary trading activities are reviewed and kept by us. We and our advisory agents will act in a fiduciary manner, understand the prohibitions against the use of any insider information and will always act in your best interest.

## **Item 12 Brokerage Practices**

### **Brokerage Selection:**

Our firm is granted discretionary authority over your account(s) to determine the securities to be bought or sold, their amounts, and the broker to be used without a specific consultation with you but as deemed to be in your best interest and to achieve your stated investment objectives.

We generally recommend and select the brokers or dealers to handle securities transactions. We utilize Fidelity Investments, or Schwab Institutional, a division of Charles Schwab & Co., Inc., as the broker-dealer for the execution of securities transactions. Custody of client accounts for both securities and funds will be maintained at Fidelity Investments, or Schwab Institutional, a division of Charles Schwab & Co., Inc.

Factors which we consider when recommending Fidelity Investments or Charles Schwab include their respective financial strength, reputation, execution, pricing, research and service. We understand and acknowledge that at all times we owe a fiduciary duty to you to obtain best execution for your transactions. We believe that our relationship with Fidelity Investments and Charles Schwab helps us to execute securities transactions for you in such a manner that your total cost in each transaction is as favorable as possible under prevailing market conditions. However, accounts with Fidelity Investments or Charles Schwab, as a full-service broker/dealer, cannot obtain best execution at all times. The commissions and/or transactional fees charged by Fidelity Investments and Charles Schwab to you can be higher or lower than those charged by another broker-dealer.

In addition to a broker's ability to provide the "best execution," we can also consider the value of "research" or additional brokerage products and services a broker-dealer has provided or can be willing to provide. This is known as paying for those services or products with "soft dollars." Because many of the services or products could be considered to provide a benefit to us and, because the "soft dollars" used to acquire them are client assets, we could be considered to have a conflict of interest in allocating your brokerage business: we could receive valuable benefits by selecting a particular broker or dealer to execute your transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation we might otherwise be able to negotiate. In addition, we theoretically could have an incentive to cause you to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

Our firm's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), we will make a good faith determination that the amount of commission or other fees you pay is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described below, that the compensation to be paid to Fidelity Investments or Schwab is reasonable in relation to the value of all the brokerage and research products and services provided by Fidelity Investments and Schwab. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to you, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transactions can be greater than the amounts another broker-dealer who did not provide research services or products might charge. In some cases, with your consent, we can consider a broker-dealer's provision of non-research products and/or services (i.e., products or services that we do not use in making investment decisions or executing transactions for clients). In such cases, however, the products or services involved are used solely for your benefit in whose account the commissions or other fees are incurred.

Research and Brokerage Products and Services. "Research" products and services we can receive from broker-dealers can include economic surveys, data, and analyses; financial publications; recommendations or other information about particular companies and industries (through research reports and otherwise); and other products or services (e.g., computer services and equipment, including hardware, software, and data bases) that provide lawful and appropriate assistance to us in the performance of our investment decision-making responsibilities. Consistent with Section 28(e), brokerage products and services (beyond traditional execution services) consist primarily of computer services and software that permit us to effect securities transactions and perform functions incidental to transaction execution. We generally use such products and services in the conduct of our investment decision making generally, not just for those accounts whose commissions can be considered to have been used to pay for the products or services.

Other Uses and Products. We can use some products or services not only as "research" and as brokerage (i.e., to assist in making investment decisions for clients or to perform functions incidental to transaction execution) but for our administrative and other purposes as well. In these instances, we make a reasonable allocation of the cost of the products and services so that only the portion of the cost that is attributable to making investment decisions and executing transactions is paid with commission dollars and we bear the cost of the balance. Our interest in making such an allocation differs from your interest, in that we have an incentive to designate as much as possible of the cost as research and brokerage in order to minimize the portion that the firm must pay directly.

Mutual Fund Transactions. Although shares of no-load mutual funds can be purchased and redeemed without payment of transactions fees, we can, consistent with our duty of best execution, determine to cause your accounts to pay transaction fees when purchasing shares of certain no-load mutual funds through Schwab or Fidelity Investments in order to obtain "research". This research cannot be used for the exclusive benefit of you if you pay transaction fees in purchasing mutual fund shares.

Amount and Manner of Payment. A broker-dealer through which we wish to use soft dollars can establish "credits" arising out of brokerage business done in the past, which can be used to pay, or reimburse the firm for, specified expenses. In other cases, a broker-dealer can provide or pay for the service or product and suggest a level of future business that would fully compensate us. The actual level of transactional business we do with a particular broker-dealer during any period can be less than such a suggested level, but can exceed that level and can generate unused soft dollar "credits." Where you have authorized us to consider a broker-dealer's provision of services outside the Section 28(e) safe harbor, a broker-dealer can generate "credits" based on transactions effected in the past and allow us to use such "soft dollars" to acquire services and products provided by third parties. We do not exclude a broker-dealer from receiving business simply because the broker-dealer has not been identified as providing soft dollar research

products and services, although we cannot be willing to pay the same commission to such broker-dealer as we would have paid had the broker-dealer provided such products and services.

Neither the Firm nor its agents are affiliates of Fidelity Investments or Charles Schwab & Co.

**Soft Dollar Practices:**

We have an arrangement with Fidelity Investments as custodian whereby a "soft dollar" account is credited based on the dollar value of the transaction costs generated in some instances by equity trades only. All clients will, however, benefit from the research services provided by "soft dollar" purchases. These soft-dollar accounts are used to pay for such items as research services and software used in connection with managing client assets. In no circumstance do we receive any direct compensation or financial reimbursement for general overhead expenses. Client transaction costs are not increased to make this soft-dollar account available.

We participate in Fidelity Investment's customer program and we can recommend Fidelity Investments to clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice it gives to its clients, although we receive economic benefits through its participation in the program. These benefits can include: receipt of duplicate client confirmations; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, technology, and practice management products or services provided to us by third party vendors. The benefits received by us do not depend on the amount of brokerage transactions directed to Fidelity Investments. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of its clients first. You should be aware, however, that the receipt of economic benefits by us in and of itself creates a potential conflict of interest.

**Brokerage for Client Referrals:**

Neither our Firm nor our Advisory Agents receive client referrals from a broker dealer or other third party when recommending to you a broker-dealer for the execution of securities transactions.

**Directed Brokerage:**

Our firm has an existing working relationship with Charles Schwab and Fidelity Investments that clients can choose to act as the custodian of their account. We do not permit clients to direct brokerage away from our listed broker/dealer.

**Trade Aggregation:**

We provide investment management services to various clients. We can, in our sole discretion, aggregate purchases or sales of any security, instrument or obligation effected for various client accounts with purchases or sales, as the case can be, of the same security, instrument or obligation effected on the same day for the accounts of one or more of our other clients. Although such concurrent aggregations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they will be effected only when we believe that to do so will be in the best interest of the affected accounts. When transactions are so aggregated, (a) the actual prices applicable to the aggregated transaction will be averaged, and each client account participating in the aggregated transaction will be deemed to have purchased or sold its share of the security, instrument or obligation involved at that average price and (b) all transaction costs incurred in effecting the aggregated transaction, except to the extent that certain broker-dealers that also furnish custody services can impose minimum transaction charges applicable to some of the participating accounts. When such concurrent aggregation occurs, the objective will be to allocate executions in a manner that is deemed equitable to the accounts involved.

## Item 13 Review of Accounts

All client accounts generally take the same allocation at the same time and therefore, they essentially have a similar performance. The exception to this rule would be when a client requests specific money which requires immediate liquidation of funds (special transactions). Also, when client accounts are opened in the middle of an allocation their drawdown position, if any, is monitored until the next allocation. Since account performance is a function of fund performance, the different mutual fund prices are monitored on a daily, weekly, monthly, quarterly and annual basis. We review the similar account performance and the mutual fund company performance continually. We review account balances daily, monthly and quarterly. We will also confirm account balances after allocations and at the time of any special transactions initiated by either the client or the fund itself.

Assets are invested in a combination of no-load, open end Index and Managed Funds. Both domestic and international funds are utilized. Equity funds are the primary focus. An account will be opened for you at Schwab or Fidelity, and we will allocate the account using the funds listed above. As long as we use mutual funds in the "no transaction fee" group, there will be no transaction fee charged when a trade is made.

You will receive a notice from Schwab and Fidelity whenever a transaction is made in your account. In addition, you will receive a monthly statement from Schwab or Fidelity. The custodian provides the client with a Year-End Summary, 1099's and Cost Basis Report where applicable. Funds are available to the client at all times, upon settlement.

## Item 14 Client Referrals and Other Compensation

### **Client Referrals:**

We can enter into arrangements with individuals or entities (the "Solicitor") under which the Solicitor will refer potential clients to us for investment advisory services. In return, we will agree to pay to such Solicitor a referral fee, which can be a fixed amount, or a percentage of the advisory fee collected. Remuneration to the Solicitor is predicated on the prospect entering into an advisory agreement with our Firm. This sharing of fees will not result in you paying a higher fee than our published fee schedule.

The Solicitor will be properly registered (where applicable) and the arrangement will be disclosed in writing to all clients referred by the Solicitor. A copy of such disclosure will be signed by you and will be maintained in our files.

### **Other Compensation:**

We have an arrangement with both Charles Schwab and Fidelity Investments as custodians whereby a "soft dollar" account is credited based on the dollar value of the transaction costs generated in some instances by equity trades only. All clients will benefit from the research services provided by "soft dollar" purchases. These soft-dollar accounts are used to pay for such items as research services and software used in connection with managing client assets. In no circumstance will we receive any direct compensation or financial reimbursement for general overhead expenses. Your transaction costs are not increased to make this soft-dollar account available.

We also participate in Fidelity Investment's and/or Schwab's institutional customer program and we can recommend Fidelity Investments and/or Schwab to you for custody and brokerage services. There is no direct link between our participation in the program and the investment advice it gives to its clients, although we receive economic benefits through its participation in the program. These benefits can include: receipt of duplicate client confirmations; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and

then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, technology, and practice management products or services provided to us by third party vendors. The benefits received by us do not depend on the amount of brokerage transactions directed to Fidelity Investments or Schwab. As part of its fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by us in and of itself creates a potential conflict of interest.

#### **Item 15 Custody**

Under government regulations, we are deemed to have custody of your assets since you authorize us to instruct your custodian to deduct our advisory fees directly from your account. However, our "custody" is strictly limited to this. We do not maintain physical custody of your accounts nor are we authorized to hold or receive any stock, bond or other security or investment certificate or cash that is part of your account. Your funds and securities will be physically maintained with a "qualified custodian" as required under Rule 206(4)-2 under the Adviser.

Custody of client accounts for both securities and funds will be maintained at Charles Schwab or Fidelity Investments. Account statements are sent quarterly from the custodian, and you should carefully review those statements including comparison to any reports we can send to you.

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

Unless otherwise negotiated, you have granted our Firm sole and absolute discretion in the management of your portfolio and periodic re-balancing to the asset class target percentages as outlined in the Client's Advisory Agreement except with respect to payment of the Firm's Fees. In the exercise of our authority, we are fully authorized and empowered to place orders to brokers, dealers, mutual funds, or other persons with respect to the purchase, sale, exchange, disposition or liquidation of any assets held in your portfolio

We have limited authority to sell or redeem securities holdings in sufficient amounts to pay Advisory Fees. You can reimburse the portfolio for Advisory Fees paid to us.

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

We do not have any authority to and do not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. To this end, we will instruct the Custodian to forward all proxy material directly to you. We shall forward any proxy materials we receive that pertain to the Assets in client accounts to the respective clients, or to the Advisor(s) for an employee benefit plan covered by ERISA. You can contact our office at 601-724-1926 for any questions about a particular solicitation.

## **Item 18 Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

## **Item 19 Requirements for State Registered Advisers**

Not applicable to Federal registered advisers.