



# WRAP FEE PROGRAM DISCLOSURE BROCHURE

This wrap fee program brochure provides information about the qualifications and business practices of Geneos Wealth Management, Inc., SEC registered investment advisor.\* If you have any questions about the contents of this brochure, please contact us at 303-785-8470. 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 Geneos also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our Firm SEC Number is 801-62331.

\*Registration with the SEC does not imply a certain level of skill or training.

# MATERIAL CHANGES

Pursuant to SEC rules, Geneos Wealth Management, Inc. (“Geneos”) will ensure that clients receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after the firm’s fiscal year end, December 31. This means that if there were any material changes over the past year clients will receive a summary of those changes no later than April 30. At that time, Geneos will also offer a copy of its most current disclosure brochure and may also provide other ongoing disclosure information about material changes as necessary. If there are no material changes over the past year, no notices will be sent.

Clients and prospective clients can always receive the most current disclosure brochure for Geneos at any time by contacting their investment advisor representative or by contacting us at 303-785-8470.

The last annual update of the Geneos brochures was dated February 1, 2022. There have been material changes to our business and/or the contents of this disclosure brochure since that time; the changes are outlined below.

Updated language regarding client referrals. Solicitors are now referred to as Promoters and the rule number changed from 204(6)-3 to 204(6)-1.

Added language that alternative investments that are designed for advisory accounts may be an included asset at Geneos’ discretion.

Removed disclosure indicating ownership of GenTech, LLC. This technology company was sold so it is no longer under common ownership with Geneos.

Removed information about our affiliated Registered Investment Advisor, Portfolio Design Advisors, Inc. related to PDA being the sub-advisor to the Uncommon Portfolio Design Core Equity Fund, an exchange traded fund (“ETF”) as the ETF was closed.

Added disclosure language within the Other Financial Industry Activities and Affiliations section outlining conflicts related to our recognition program.

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## SERVICES, FEES AND COMPENSATION

Geneos Wealth Management, Inc. ("Geneos" or "We", an Investment Advisor registered with the Securities and Exchange Commission) offers services under a wrap fee program called VIP Ultra where we provide investment supervisory services defined as giving continuous investment advice to you, the Client, (or making investments for you) based on your individual needs, goals and objectives. Under the VIP Ultra program there are various platforms with approved qualified custodians and investment options available for investment advisor representatives ("representatives") and clients to choose from. Within the platforms available, you and the representative may design a customized portfolio. The representative provides ongoing assistance with evaluation and selection of investments, and adjustment and balancing of portfolios. Various asset types are available and they include, but are not limited to: no-load mutual funds, load waived mutual funds, equities, fixed income securities, options, municipal bonds, variable annuity subaccounts, cash and cash equivalents. You are advised to consult with your tax person before deciding to have advisory fees withdrawn from a variable annuity as it could be a taxable event. Alternative investments may be held within the account as a convenience to the customer as an excluded asset. Alternative investments that are designed for advisory accounts may be an included asset at Geneos' discretion. Geneos does not permit illiquid investments within ERISA qualified accounts.

If you wish to contract with us and your representative for participation in the VIP Ultra program, you are required to use only those broker-dealers and custodians approved by us. Additionally, our representatives may also be registered representatives with Geneos in its capacity as a broker-dealer. We recommend custodians based on relationships that we have established. Due to our dual registration as an investment advisor and broker-dealer, we are limited to using ourselves as a broker-dealer and any custodian that we have approved for advisory activities.

When executing an agreement for services with us, Geneos, and your representative will be granted discretionary trading authority. This discretionary trading authority includes the authority, without first consulting you to (1) determine the portion of assets in your account to allocate to each investment or asset class; (2) change your allocation of assets as necessary; and (3) take any and all other actions on your behalf that we determine are customary or appropriate for a discretionary investment advisor to perform, including the authority to buy, sell, select, remove and replace securities, including mutual fund shares, stocks, bonds and other investments for the account. You can place reasonable limitations and restrictions in relation to the trading authority. Any restrictions must be submitted to us in writing. Neither Geneos nor your representative have access to your funds and/or securities with the exception of having advisory fees deducted from your account and paid to us. Any fee deduction or check requests are done pursuant to your prior written authorization. For ERISA (Employee Retirement Income Security Act of 1974) accounts, neither Geneos, nor its investment advisor representatives, act in an ERISA 3(38) fiduciary capacity; only in a 3(21) fiduciary capacity.

We charge for our investment supervisory services based on a percentage of assets under management. Typically, there is an annual charge that is negotiated between you and your

representative that ranges from 0.00% to 2.50%. Our minimum account fee is 0.50% or 50 basis points. We may accept accounts with a lower fee at our discretion.

Fees, fee structure, and experience may vary by representative. Clients with different representatives may receive similar services and pay more or less of a fee than another client. Furthermore, representatives may determine advisory fees differently. For example, some representatives may aggregate all of your managed accounts together to determine a fee breakpoint or charge a fee based on each account size. Additionally, some representatives may have a flat fee assigned to the account regardless of account value; others set fee breakpoints for the account in an effort to reduce the fee as the account grows and other representatives set a tiered fee schedule. There are advantages and disadvantages to all fee structures but each representative may have their own variances within Geneos' fee structure. The fee that is negotiated between you and your representative is disclosed to you in the agreement that you sign in advance of services being provided. Representatives have an incentive in the fee charged to the account as they receive a percentage of the fee with the remaining amount of the fee retained by Geneos. Your representative receives the same percentage of the fee after account expenses regardless which advisory program you select.

The qualified custodian will debit the fees on a quarterly basis either in advance or in arrears as disclosed in your agreement. Fees payable in advance are calculated by Geneos based upon the previous quarter's ending balance and adjusted at the end of the quarter for daily changes in market value and additions to and withdrawals from the account. Fees payable in arrears are calculated by Geneos daily to account for changes in market value and additions to and withdrawals from the account and billed at the end of the quarter. These fees are prorated based on the number of days that services are provided during the billing period. If you have multiple accounts, you can request group billing. Group billing aggregates your assets which may reduce the overall fee charged.

The VIP Ultra program fee includes trading costs. It may cost you more or less than if you paid the ticket charges at the time of trade execution. The amount of trades placed in the account is a factor that has a bearing upon the relative cost of the program. If there are only a few trades placed in the account over a period of time, it is possible that paying for advisory services and ticket charges separately may be less expensive than the fee. The opposite is also true; if there are a large amount of trades placed in the account over a period of time, it is possible that paying for advisory services and ticket charges separately may be more expensive.

You may incur other charges imposed by third parties besides us in connection with investments made through the account, including but not limited to administrative account fees, confirmation fees, mutual fund 12b-1 distribution fees, sub accounting fees, contingent deferred sales charges, short term redemption fees, qualified retirement plan fees, and account maintenance fees. A description of these fees and expenses are available in each investment company security's prospectus. The annual fee does not include certain fees and charges related to account services provided by the custodian. A description and amount of these fees are provided to you by your representative and some are disclosed as part of your agreement with the custodian.

You should be aware that mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in

addition to the fees paid by you to Geneos. Fund companies also charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Neither Geneos, nor our representatives, will receive any portion of the 12b-1 fees generated by mutual fund investments within our VIP Ultra program accounts. Not all mutual funds pay a 12b-1 fee. Please refer to your funds' prospectus for fund specific information as it relates to your account. Any 12b-1 fees generated from account assets will be credited back to your advisory account. You will see the credits on your account statements.

Income tax liabilities may result from the sale of individual securities within your account, unless the account is otherwise tax sheltered or tax deferred. Income tax liabilities directly reduce investment returns. You are responsible for all tax liabilities arising from the sale of individual securities within your account. Please consult your tax advisor as we cannot offer tax advice.

You, Geneos, or your representative may terminate the agreement at any time by providing written notice to the appropriate party. If services are terminated within five business days of executing the agreement, services are terminated without penalty and no fees are due. If the account is to be liquidated as a result of a termination notice, we may take up to five business days from the date of receipt to process the liquidation request. Proceeds will be payable to the client subject to the usual securities settlement procedures. The final fee is prorated based on the number of days that services are provided prior to the effective date of termination. You are responsible for paying fees only for services rendered until the effective date of termination. Your account will either be debited for the additional services or credited if you paid in advance.

## **ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

### **MINIMUM ACCOUNT SIZE**

We do not require a minimum account size to establish and maintain a VIP Ultra managed account.

### **TYPES OF CLIENTS**

Representatives of Geneos provide investment advice to many different types of clients. These clients generally include individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other types of business entities.

## **PORTFOLIO STRATEGIST SELECTION AND EVALUATION**

Geneos' IARs are the portfolio managers for all VIP Ultra accounts. Geneos and its IARs are the only parties with access to place trades. Each portfolio strategist within the VIP Ultra program is a Geneos investment advisor representative. Each IAR must be properly licensed and registered in each state where their advisory clients reside. Most states only require that the IAR is properly registered in their home state to conduct business in other states.

Recommendations of portfolio designs to clients is handled by each client's investment advisor representative and is made in accordance with your investment objectives, risk tolerance and other relevant information. Representatives may request Geneos' assistance in developing a portfolio of

models for your account. Again, recommendations are made based on information provided by you related to your investment objectives, risk tolerance and other relevant information. You are responsible for notifying the representative of interim changes to personal and financial circumstances, needs, or goals. Such changes may include, but are not limited to: consideration or unexpected occurrence of a life changing event (e.g., marriage, divorce, children, promotion, unemployment, health issues, death); and achievement of or changes in goals (e.g., satisfied mortgage, large purchases, inheritance).

The performance we use for our internal reviews of portfolio strategists/IARs is calculated by Morningstar using industry standards. Morningstar uses a geometrically linked return method also known as Time Weighted Return. Our reviews of performance are based upon the calculated performance generated by Morningstar. No performance from the portfolio strategist is used; only hypothetical returns are used as we do not have any composites.

#### **DESCRIPTION OF ADVISORY SERVICES OFFERED**

Geneos enables investment advisor representatives (“representatives”) to utilize many different avenues to provide personalized investment advisory services to their clients. These services include financial planning and consulting services, referrals to third party money managers, and asset management. The following are brief descriptions of all of our services. Descriptions are provided in our Investment Advisor Disclosure Brochure or Wrap Fee Disclosure Brochure, as appropriate, so that clients and prospective clients can review those services and description of fees more thoroughly. As part of our asset management services, Geneos offers two wrap fee programs; one marketed as the Axiom program and the other as the VIP Ultra program, which is the focus of this brochure.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates conflicts with your interest, so we operate under a special rule (DOL’s Prohibited Transaction Exemption 2020-02) that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule’s provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investment;
- 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.

#### ***FINANCIAL PLANNING SERVICES (PLANS AND CONSULTATIONS)***

Financial planning can be described as helping clients determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help clients understand their overall financial situation and help them set financial objectives.

We offer advisory services in the form of comprehensive and modular (segmented) financial plans and also through recommendations. These services do not involve actively managing client accounts. Instead, comprehensive planning services focus on a client's overall financial situation. Modular planning services and consultations focus on specific areas of client concern, like retirement planning or asset allocation advice, for example. These issue specific planning services may not take all important financial issues into consideration.

#### *USE OF THIRD PARTY MONEY MANAGERS*

We also offer advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third party money managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary.

#### *ASSET MANAGEMENT SERVICES*

We offer investment management services providing clients with continuous and ongoing supervision over their accounts. This means that Geneos/your representative will continuously monitor your account and make trades in that account when necessary, or at your request. Geneos also offers two wrap fee programs; the Axiom program, and the VIP Ultra program. The Axiom program offers several portfolio strategist models for representatives and clients to choose from. The VIP Ultra program allows you and your representative to design a custom portfolio. Geneos and your representative will continuously supervise the accounts and make trades when necessary, or at your request.

#### **SERVICES TAILORED TO CLIENTS NEEDS**

Our services under the VIP Ultra program are based on your specific needs. You are given the ability to impose written restrictions on your accounts, including specific investment selections and sectors within reasonable parameters set by us and the portfolio strategist. Any restrictions placed on the account may adversely affect the management of your account or the ability to meet your investment objectives. For this reason, it is important you understand that we perform advisory and/or brokerage services including investment reporting for various clients, and that we may give advice or take actions for other clients that differ from the advice given to you.

#### **WRAP FEE PROGRAM VERSUS PORTFOLIO MANAGEMENT PROGRAM**

In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per transaction basis. In wrap fee programs, advisory services and transaction services are provided for one fee. Our traditional management program is managed by each representative. Some representatives manage each account to models that they have created; others customize each account to each client. Under our VIP Ultra wrap fee program, the accounts are also managed by our investment advisor representatives. Some representatives manage each account to models that they have created; others customize each account to each client. As the sponsor and advisor for the VIP Ultra program, we receive a portion of the wrap fee charged to the account.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Performance-based fees are defined as fees based on a share of capital gains or on capital appreciation of the assets held in a client's account. Geneos does not charge or accept performance-based fees.



Side-by-side management refers to the process of evaluating accounts 'side-by-side' for fair and transparent allocations. We allocate all assets in accordance with regulatory mandates and are not basing these decisions between specific accounts for our own interests. We endeavor to place all trades for the same security on a given day through our average price account to ensure that all accounts receive the same price.

#### **METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

Geneos uses primarily fundamental analysis, but also uses charting, technical and cyclical analysis when considering investment strategies and recommendations. In simple terms, fundamental analysis involves analyzing company characteristics, charting looks at historical patterns, cyclical analysis looks at recurring periods, and technical analysis studies past market data looking for price trends and movements.

When implementing investment decisions, Geneos employs several investment strategies: Long and Short Term Purchases, Strategic and Tactical Asset Allocation, Strategic Timing and Sector Rotation. Asset allocation is the combination of several different types of investments; typically stocks, bonds and cash equivalents among various asset classes so your investments are diversified. The objective of asset allocation is to develop an investment plan that will help investors reach their financial goals, while holding down their risks. Strategic timing is designed to reduce risks in bear markets (when markets are decreasing in value). This is a trend-following strategy that involves holding total cash positions during bear markets and fully invested positions during bull markets. Sector rotation is employed only in the growth portfolio models, spreading the risk over several sectors in the more aggressive models. In bull markets, the technique may consist of using the stronger industrial sectors or surrogates for various market indexes ("bull" funds). In bear markets, it may consist of employing "bear" funds that are structured to rise in price when the market indexes decline in price. Also, when our portfolio manager believes market conditions call for the use of leverage, we may employ leveraged bull or bear funds that are more volatile than the market indexes.

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. Further, depending on the different types of investments, there will be varying degrees of risk. However, you should be aware that past performance of any security is not necessarily indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved.

Investing in securities involves risk of loss. Further, depending on the different types of investments, there may be varying degrees of risk.

#### **VOTING CLIENT SECURITIES**

We do not perform proxy voting services on your behalf. You are instructed to read through the information provided with the proxy voting documents and to make a determination based on the information provided. Upon your request, our representatives may, but are not required to, provide limited clarifications of the issues presented in the proxy voting materials based on your representative's understanding of issues presented in the proxy voting materials. However, you have the ultimate responsibility for making all proxy voting decisions.

# CLIENT INFORMATION PROVIDED TO PORTFOLIO STRATEGISTS

The portfolio strategists under this program are Geneos investment advisor representatives. They work directly with each of their clients to collect and provide information to Geneos. Information about the clients are provided by the client directly with their portfolio strategist/investment advisor representative.

## CLIENT CONTACT WITH PORTFOLIO STRATEGISTS

Clients may have as much contact with their portfolio strategist/investment advisor representative as they require. Each IAR is available during business hours to help their clients with their VIP Ultra account.

## ADDITIONAL INFORMATION

### DISCIPLINARY INFORMATION

Geneos was the subject of an administrative proceeding with the SEC that was finalized April 6, 2018. The SEC states “These proceedings arise from a series of failures by Geneos, a registered investment adviser and broker-dealer, in connection with its mutual fund share class selection practices and its receipt of revenue sharing payments. First, from February 2012 through April 2017 (the “Relevant 12b-1 Period”), Geneos invested certain advisory clients in mutual fund share classes that charged 12b-1 fees when these clients were eligible to invest in cheaper share classes of the same funds that did not charge such fees. Geneos financially benefitted from investing advisory clients in mutual fund share classes with higher fees, which created a conflict of interest that Geneos failed to adequately disclose in its Forms ADV, Part 2A (“firm brochures”) or otherwise. In its capacity as a broker-dealer, Geneos received at least \$1,047,617.50 in 12b-1 fees based on its advisory clients’ investments in the higher-fee share classes. Geneos’ practice of investing advisory clients in mutual fund share classes that charged 12b-1 fees rather than cheaper share classes of the same funds was also inconsistent with its duty to seek best execution. Second, from February 2012 through January 2018 (the “Relevant Revenue Sharing Period”), Geneos failed to disclose to its clients compensation that it received through agreements with two third-party broker-dealers (“Clearing Broker”) and conflicts arising from that compensation. Pursuant to the agreements, the Clearing Brokers agreed to share with Geneos certain revenues that the Clearing Brokers received from the mutual funds in the Clearing Brokers’ no-transaction-fee mutual fund programs (“NTF Programs”). These payments, totaling \$386,185.77, created a conflict of interest in that they provided a financial incentive for Geneos to favor the mutual funds in the NTF Programs over other investments when giving investment advice to its advisory clients. Finally, Geneos failed to adopt written policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder in connection with its mutual fund share class selection practices and its revenue sharing arrangements with the Clearing Brokers. As a result of the conduct described above, Geneos willfully violated Sections 206(2), 206(4), and 207 of the Advisers Act and Rule 206(4)-7 thereunder.”

Geneos has revised its policies and programs to ensure that it does not receive any 12(b)-1 revenue related to any investment advisory or ERISA account. Any 12b-1 revenue generated by holdings in a client account will be automatically rebated to the account. This also includes a rebate of any revenue related to NTF Program funds. All revenue the SEC stated was collected by Geneos during the Relevant 12b-1 Period and the Relevant Revenue Sharing Period was rebated to the clients affected per the SEC's instructions.

#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The principal business of Geneos and its executive officers is as a FINRA registered broker-dealer. Geneos has been a FINRA registered broker-dealer since 2002. The principals of Geneos devote approximately 40% of their time to securities activities and approximately 60% to investment advisory activities.

Geneos' holding company, GWM Holdings, Inc., also owns another SEC registered investment advisor, Portfolio Design Advisors ("PDA"). Both Geneos and PDA offer a similar investment program marketed under the name Axiom. Representatives of Geneos may recommend PDA as a third party investment advisor. Since Geneos and PDA are commonly owned, representatives have incentive to recommend PDA over other approved third party money managers.

Some of our investment advisor representatives, upon hire, receive forgivable notes to assist in the transition of their book of business to Geneos as a broker-dealer and registered investment advisor. If your IAR has received a forgivable note, it will be disclosed in your IAR's brochure supplement. A portion of the note is utilized to offset the cost of transferring client assets, so the clients are not impacted by the move. The forgivable note is a combined amount, used for both broker-dealer and RIA costs, to be spread appropriately between the two. The forgivable notes present a conflict of interest as it incentivizes IAR's to maintain their relationship with Geneos for the duration of the note.

Some of our investment advisor representatives qualify to be part of Geneos' recognition program. Representatives of Geneos can meet the requirements of Geneos' recognition program by earning a certain amount over a one-year qualification period or maintaining a certain dollar amount of assets under management in the Axiom program. As part of that program, they can receive travel. This creates an incentive to recommend the Axiom program to qualify for the recognition program. Geneos takes steps to mitigate any conflicts that might arise from representatives taking steps to increase client assets or revenues in order to reach Geneos' recognition program thresholds.

Many of Geneos' related persons have relationships with other investment advisors, financial planning firms, banking or thrift institutions, accounting firms, law firms, insurance companies or agencies, pension consultants and/or real estate brokers or dealers. These relationships are not material to our advisory business. Specific information about these relationships are fully disclosed in the representative's brochure supplement, when applicable.

When referring clients to third party money managers, Geneos receives a portion of the fees generated from the referral. Since each money manager has a separate agreement with Geneos, each agreement will have a different percentage of the fee paid to us which is disclosed to you in the money manager's paperwork. This may provide an incentive for representatives to recommend one money manager over another one.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

According to the Investment Advisors Act of 1940, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. Geneos and its representatives have a fiduciary duty to all clients. Geneos has established a Code of Ethics which all representatives and those people defined as access persons must read and then execute an acknowledgement stating that they understand and agree to comply with Geneos' Code of Ethics. Geneos and its representatives' fiduciary duty to clients is considered the core underlying principle for Geneos' Code of Ethics and represents the expected basis for all representatives' dealings with clients. Geneos has the responsibility to make sure that the interests of clients are placed ahead of it or its representative's own investment interest. All representatives will conduct business in an honest, ethical and fair manner. All representatives will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted. All representatives have a responsibility to avoid circumstances that might negatively affect or appear to affect the representatives' duty of complete loyalty to their clients. This section is only intended to provide you with a description of Geneos' Code of Ethics. If you wish to review Geneos' Code of Ethics in its entirety, a copy may be requested from your representative.

Geneos or its representatives may buy or sell securities or have an interest or position in a security for their personal account, which they also recommend to clients. Geneos is and shall continue to be in compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. As these situations may represent a potential conflict of interest, it is a policy of Geneos that no representative shall prefer their own account to that of the advisory client. Representatives may not trade the same security in their personal account on the same day as they trade it in a client's account unless the trades are executed in an average price account that allows all accounts to receive the same price, or if you receive a better price than your representative. Geneos maintains information about all securities holdings for it and its representatives, which is reviewed on a regular basis.

## **REVIEW OF ACCOUNTS**

Account reviews and model reviews are performed on an ongoing basis. Each representative is responsible for reviewing their own client accounts and monitoring the portfolio to determine when changes are needed. Representatives' frequency of their review may be different for different clients, depending on the investment model that the client selected. Advisory accounts will be reviewed with the client upon their request. These reviews are performed to monitor for any activity or changes in the account and to monitor that accounts are being managed in accordance with each client's goals, objectives, and financial situation.

You receive statements from your account custodian monthly if there is activity in the account and quarterly if there is no activity in the account. Geneos or your representative will provide performance reporting upon request. In lieu of separate trade confirmations, information from the confirmation will be reported by the Custodian at least quarterly via the Quarterly Confirmation Report. Upon request, at no additional charge, the Client can obtain information regarding any trade confirmation for the Account, and may request a duplicate paper or electronic copy of any trade

confirmation. If the Client wishes to continue receiving separate trade confirmations, the Client will provide a written request to Geneos opting out of the Quarterly Confirmation Report.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

We may from time to time compensate affiliated and unaffiliated persons, called “promoters” either directly or indirectly when they refer to us clients and prospects they believe would benefit from our investment advisory services. Often times these referrals will come from professionals (i.e. attorneys and accountants). In all cases these referral fee arrangements will be disclosed to the clients in accordance with section 206(4)-1 of the *Investment Advisors Act*. Compensation to the Promotor is dependent on the client entering into an advisory agreement with Geneos for advisory services. Compensation to the Promotor will be an agreed upon percentage of the advisory fee or a flat fee. Geneos’ referral program is in compliance with federal regulations as set out in 17 CFR Sections 275.206(4)-1. The referral fee is paid pursuant to a written agreement retained by Geneos and the Promotor. You will be provided with a copy of this brochure and the client disclosure document detailing the amount we will pay the Promotor prior to or at the time of entering into any investment advisory contract with Geneos. Your advisory fee will not be increased as a result of compensation being shared with Promotor.

Geneos offers an Insured Deposit Program (“IDP” or “Program”) as our core account sweep vehicle with our custodian, Pershing, LLC. The IDP is the core account investment vehicle for Pershing LLC advisory accounts and is used to hold your cash balances while awaiting reinvestment. The cash balance in your Pershing, LLC advisory accounts will be deposited automatically or “swept” into interest-bearing FDIC-insured Program deposit accounts (“Deposit Accounts”) at one or more FDIC-insured financial institutions (each a “Program Bank” or collectively, “Program Banks”).

You should be aware that the IDP generates financial benefits for Geneos which are a conflict of interest. We will receive a fee from Pershing, LLC in connection with the IDP equal to a percentage of all participants’ average daily deposits at the Program Banks. Amounts will vary, but in no event will they be more than 3.50% on an annualized basis as applied across all Deposit Accounts and in no instance will your IAR receive a portion of this fee. The fees received from Pershing, LLC are negotiated and may change. Because of this fee we receive in connection with the IDP, we have an incentive to recommend the IDP over other sweep vehicles that do not generate this fee. At our discretion, we may reduce or raise the interest rate paid to clients. From time to time, if the rate paid changes, you will receive notification of any such change. In addition to our fee, other service providers with respect to the Program will receive fees from each Program Bank (collectively, with the fees paid to us and/or a custodian, “Program Fees”).

The Program Banks use Program Deposits to fund current and new lending for investment activities. The Program Banks earn net income from the difference between the interest they pay on Program Deposits and the fees paid to us and other service providers and the income they earn on loans, investments, and other assets. The Program Banks pay rates of interest on Program Deposits that could be lower than prevailing market interest rates that have been paid on accounts otherwise opened directly with the Program Bank. Program Banks do not have a duty to provide the highest rates available and may instead seek to pay a low rate. Lower rates will be more financially beneficial to Program Banks. There is no connection between bank rates of interest and the highest rates available in the market, including any money market mutual fund rates.

The IDP is not the only available core account sweep vehicle for Geneos advisory accounts with Pershing LLC as the custodian. If you opt out of this Program, we provide access to other core account investment vehicles, including money market funds, to hold cash balances waiting to be reinvested. If you do not wish to use the default core account sweep vehicle, you will need to indicate on the New Account Application the money market fund you would like to use, but you should be aware that money market funds are not FDIC insured. Geneos receives a financial benefit (revenue sharing from the money market provider) if cash is placed into a money market funds which presents a conflict of interest. Your investment advisor representative will not receive any portion of any revenue received by Geneos. Money market funds can lose value and have done so in the past. In addition, different core account investment vehicles can have different rates of return and different terms and conditions, such as FDIC (Federal Deposit Insurance Corporation) insurance or SIPC (Securities Investor Protection Corporation) protection. For more information please consult [www.FDIC.gov](http://www.FDIC.gov) or [www.SIPC.org](http://www.SIPC.org) respectively.

You are not obligated to use any of our managed accounts and can select a managed account at another investment advisor where similar programs may not exist. However, if you select another investment advisor, your account will not be managed by your representative and Geneos.

Some money managers provide economic support through a revenue sharing agreement with Geneos and provide ongoing training and education to our representatives. Because of the support representatives may be more inclined to recommend managers or strategists who they form relationships with through the training over managers or strategists that they have not received training and education from.

From time to time, we receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. As a part of our and our representatives' fiduciary duty, we endeavor at all times to put your interests first. However, you should be aware that receiving additional compensation through nominal sales awards, expense reimbursements, etc. creates a conflict of interest that may impact the judgment of our representatives when making advisory recommendations.

#### **FINANCIAL INFORMATION**

This item is not applicable to our brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client, for a period of six months or more in advance. Therefore, we are not required to include a balance sheet for its most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.