



# INVESTMENT ADVISOR DISCLOSURE BROCHURE

This brochure provides information about the qualifications and business practices of Geneos Wealth Management, Inc., an 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 Wealth Management, Inc. 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 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.

The last annual update of this brochure 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 reference to Brokerage Practices section within the Fees and Compensation section.

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

Expanded our disclosure related to revenue sharing we receive from certain qualified custodians within the Brokerage Practices section.

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# ADVISORY BUSINESS

## OWNERSHIP

Geneos Wealth Management, Inc. (“Geneos” or “we”) is a United States Securities and Exchange Commission (“SEC”) registered investment advisor and a Financial Industry Regulatory Authority (“FINRA”) registered broker-dealer. Geneos has been in business since 2002 and is owned by GWM Holdings, Inc.

## GENERAL DESCRIPTION OF PRIMARY ADVISORY SERVICES

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 our primary services. Descriptions are provided under Fees and Compensation so that clients and prospective clients (“clients” or “you”) can review the services and description of fees more thoroughly. Descriptions for some of our Asset Management Services are provided in the respective program’s Wrap Fee Disclosure 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. Some of these services are offered under two wrap fee programs, marketed as Axiom and VIP Ultra, and are disclosed in their respective brochures.

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

Our services are provided based on your specific needs. You are given the ability to impose written restrictions on your accounts, including specific investment selections and sectors. 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 VIP program is a traditional management program managed by each representative where the client pays a management fee and separately from transaction services. Our VIP Ultra wrap fee 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 Axiom wrap fee program, there are models provided by various portfolio strategists. Each account can allocate funds to one or more models. As the sponsor and advisor for the VIP Ultra and Axiom program, we receive a portion of the wrap fee charged to the account. The amount of trades placed in a wrap fee 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.

### **CLIENT ASSETS MANAGED BY ADVISOR**

The amount of client assets managed by Geneos totaled \$4,081,100,000 as of December 30, 2022 with \$4,076,600,000 managed on a discretionary basis and \$4,500,000 managed on a non-discretionary basis.

## **FEES AND COMPENSATION**

In addition to the information provided in the Advisory Business section, this section provides details regarding our services along with descriptions of each service's fees and compensation arrangements.

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

Geneos enables representatives to provide financial planning services that focus on your specific needs and concerns. These services can be comprehensive in nature and focus on your overall financial situation, risk, goals, and objectives, or modular in nature, focusing on specific areas of concern that you have such as asset allocation, college planning, estate planning, etc. Financial planning services may include giving advice on investment and non-investment related matters.

Your representative collects a variety of information and documentation from you that is necessary to perform the requested services. Your representative gathers the information in order to review your current financial condition, to assist you in determining your attitude toward risk, and to identify your financial goals, objectives, and challenges. Financial data that is gathered and reviewed may include, but is not necessarily limited to, statements and account data from banks, broker-dealers, and mutual funds, as well as tax returns and insurance policies. Depending on the level and the scope of the financial planning engagement, your representative may also review wills and trusts. Geneos and your representative rely on the information provided by you. Therefore, it is important the information you provide is complete and accurate. Geneos and our representatives are not responsible for verifying the information you provide. In addition, if authorized by you, your representative will gather information or documentation from your other professionals and are expressly authorized to rely on that information provided. We urge you to work closely with your attorney, accountant, or other professionals regarding your financial and personal situation.

Your representative will discuss his or her recommendations with you as well as steps you must take to implement those recommendations. 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). Together, with your representative, you can determine if you wish to engage him or her to review, evaluate, and revise the previous recommendations provided.

Although financial planning services are provided with the intention that you will implement the recommendations, you are not obligated to do so. You retain discretion over implementing decisions relating to financial planning services and are free to accept or reject any recommendation from us or your representative. You have the option to purchase investment products that are recommended through other brokers or agents that are not affiliated with Geneos.

The fees for these types of services are negotiated between you and your representative. They may be charged as a one-time fixed fee, an hourly fee, or a fixed periodic fee.

<b><u>Billing Frequency</u></b>	<b><u>Minimum Fee</u></b>	<b><u>Maximum Fee</u></b>
One Time	\$125	\$25,000
Hourly	\$35 per hour	\$300 per hour
Periodic*	\$50 per period	\$25,000 per period

\*Periodic fees may be charged in advance or in arrears on either a monthly, quarterly, or semi-annual basis. They may also be charged on an annual basis in arrears only.

All services and fees are agreed upon in advance set forth on the contract. The contract will automatically renew on an annual basis, unless agreed upon to be a one-time fee. You will receive an invoice from your representative to pay for the services provided upon completion of the service or at the periodic intervals agreed upon; unless you have authorized quarterly periodic fees to be deducted from one of your Geneos Advisory Accounts, those fees will be noted on your account statements. These advisory services provided may have fees that are higher or lower than if the client obtained similar services from another investment advisor.

You, Geneos, or your representative may terminate the contract 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 terminated after five business days - upon receipt of the request, any fees collected in advance will be refunded on a pro rata basis. You are responsible for paying fees for the services completed prior to notice of termination. The fee is calculated as a percentage of work completed on the requested plan and/or services prior to the effective date of termination. Your representative can provide you with a billing statement that details the prorated fee and any refund due to you or additional fees due from you.

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

Geneos enables representatives to utilize the services of third party money managers to assist the clients in managing their investments. Your representative can assist you with selecting and monitoring unaffiliated third party money managers offering asset management and other investment advisory services. Representatives are limited to recommending third party money managers that have had due diligence completed and have been approved by Geneos.

In some instances, your representative is responsible for the initial and ongoing review and also responsible for maintaining your current information. Your representative assists you with identifying your risk tolerance and investment objectives. He or she will then recommend money managers geared toward your stated investment objectives and risk tolerance. You will enter into an agreement directly with the third party money manager. Geneos and your representative are available to answer questions you may have regarding your account and act as the communication conduit between you and the third party money manager. Your representative will be available to review the account(s) with you at least annually to determine if the money manager is continuing to meet your investment objectives. Money managers may take discretionary authority to determine the securities to be purchased and sold for you. Neither Geneos, nor your representative, has any discretionary trading authority with respect to your account with the money manager(s) and are not responsible for investment selection or trade implementation in your accounts.

When referring clients to third party money managers, Geneos receives a portion of the fees generated from the referral. You do not directly pay us or your representative for this service. The management fees, methods of calculation, and manner in which the fee is billed/collected varies for each money manager and are described in the money manager's disclosure brochure. Fees typically range from 1.0%-2.5% and the portion of this fee that is paid to us varies pursuant to the agreement between us and the money manager.

Various money managers will negotiate the fees charged for management services with you (which are disclosed in the agreement for services executed between you and the money manager), our portion of the fee received is disclosed and may be negotiable as well, depending on the agreement between Geneos and the third party money manager. You should be aware that although this fee does not appear to be a direct cost to you, the money manager takes this fee into consideration when determining the amount of the fee they charge you. All fees are calculated and charged by the money manager and the money manager is responsible for paying our portion of the fee to us.

Third party money managers generally have account minimum requirements that will vary from manager to manager. A complete description of the money manager's services, fee schedules and account minimums will be disclosed in the money manager's disclosure brochure or wrap fee brochure that is provided to you at the time you sign an agreement for services and the account is established. Client reports will depend upon the money manager.

### **ASSET MANAGEMENT SERVICES**

Geneos and its representatives offer investment supervisory services defined as giving continuous investment advice to you (or making investments for you) based on your individual needs, goals and objectives. We offer asset management services under the VIP program. In this program, the client pays for the transaction charges. We also offer asset management services through two wrap fee programs that we sponsor: VIP Ultra and Axiom. Each program has its own Wrap Fee Disclosure Brochure.

Under the VIP program there are various platforms with approved qualified custodians and investment options available for representatives and clients to choose from. Within the platforms available, the client and 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. 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 asset management services, 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. 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. Advisory accounts direct with American Funds utilizing their F2 share class will have a fee of 0.50%, 0.60%, 0.80%, or 1.00% dependent upon account balance and is not negotiable.

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 exact 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 will receive the same percentage of the fee regardless of which advisory program is selected.

The qualified custodian will debit the fees either on a quarterly or monthly basis from the account as disclosed in your agreement. Fees payable in advance that are calculated by Geneos are 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 that are calculated by Geneos are calculated 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. Fees payable on VIP direct advisory variable annuities may be calculated by the annuity company and their calculation methodology is disclosed in the annuity company's paperwork. Fees payable on VIP direct accounts with American Funds will pay quarterly in arrears and are calculated by American Funds.

Under the VIP program, you will pay ticket charges for trade execution separately from your management fees. 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, variable annuity fees and surrender 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. 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.

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 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 other parties. 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.

#### **ADDITIONAL COMPENSATION, COMMISSION AND FEE OFFSET**

Most of our representatives are also registered representatives of Geneos in its capacity as a broker-dealer. If you elect to have our representatives implement the advice provided as part of the financial planning or consulting services, this may be done by them in their separate capacities as registered representatives. This situation represents a conflict of interest because our representatives could receive fees for the advice and could also receive commissions for implementing the recommendations in their separate capacity as registered representatives. It also provides incentive to recommend investment products based on the compensation received, rather than on your needs. You are not obligated to implement the advice provided by our representatives or to implement transactions through us as a broker-dealer. You are free to select any broker-dealer or registered representative to implement the recommendations provided by our representatives.

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. This provides incentive to representatives to recommend the Axiom 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.

In addition, most of our representatives are also licensed insurance agents. If you elect to purchase insurance products through our representatives in this separate capacity, they may earn commissions. This is a conflict of interest because they could receive fees for the advice and also receive commissions for implementing insurance transactions. You are not obligated to implement the advice provided by our representatives or to implement transactions through our representatives in their separate capacity as insurance agents.

Also as discussed previously, we have established relationships with other, non-affiliated investment advisors through which we will act as a promotor and refer you to the other investment advisors' management programs. When acting in this promotor capacity, we receive a portion of the fee paid to the other investment advisors by clients.

As a FINRA broker dealer, Geneos does receive additional revenue from the ticket charges assessed to our accounts. This revenue is not shared with the IAR and it only applies when Geneos is the broker dealer on the account.

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 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.

These compensation and reimbursement arrangements are detailed in BROKERAGE PRACTICES on page 18.

If you elect to implement your representative's advice, they are able to waive or reduce the financial planning or consulting fees as a result of asset management fees, securities commissions and/or insurance commissions that they receive in their separate capacities. Asset management fees may also be offset for any commissions received.

## **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.

## **TYPES OF CLIENTS**

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

### **MINIMUM ACCOUNT SIZE**

We do not require a minimum account size to establish and maintain a VIP or VIP Ultra managed account; however, we do require a minimum account size of \$10,000 to establish and maintain an Axiom managed account. Exceptions may be granted to this account minimum at our discretion, usually based on your specific situation. For example, we may accept a \$5,000 Roth IRA account because you also have a \$150,000 joint account.

Third party managed programs generally have account minimum requirements and these minimum requirements vary from manager to manager. Account minimums are generally higher on fixed income accounts than equity based accounts.

# METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

## METHODS OF ANALYSIS

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

### *CHARTING*

Charting is a technical analysis that charts the patterns of stocks, bonds and commodities to help determine buy and sell recommendations for clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto graphs in order to predict future price movements. A graphical historical record assists the analyst in spotting the effect of key events on a security's price, its performance over a period of time and whether it is trading near its high, near its low or in between. Chartists believe that recurring patterns of trading, commonly referred to as indicators, can help them forecast future price movements.

### *FUNDAMENTAL*

Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, fundamental analysts try to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

### *TECHNICAL*

This method of evaluating securities analyzes statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

## **CYCLICAL**

Cyclical analysis looks at recurring periods of expansion and contraction that can impact a company's profitability and cash flow. There are a variety of cycles that can be examined, and some are more commonly known than others, such as a four-year presidential cycle or annual/quarterly fiscal reporting cycles. Identifying cycles can help to anticipate tops and bottoms and also to determine trends. But sometimes cycles don't repeat themselves, sometimes they overlap and sometimes they offset each other. Cyclical stocks tend to rise quickly when the economy turns up and fall quickly when the economy turns down (e.g., housing, automobiles, telecommunications, paper, etc. Non-cyclical industries (e.g., food, insurance, drugs, health care, etc.) are not as directly impacted by economic changes.

## **INVESTMENT STRATEGIES**

When implementing investment advice to clients, our representatives employ the following investment strategies:

- Long Term Purchases. Securities held at least a year.
- Short Term Purchases. Securities sold within a year.
- Trading. Securities sold within 30 days.
- Short Sales. Borrowing securities in anticipation of a price decline and returning an equal number of securities at some future time.
- Margin Transactions. Investor pays for part of the purchase and borrows the rest from a brokerage firm; for example investor buys \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Advisor.
- Option Writing. Including covered options, uncovered options or spreading strategies. Note: options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.
- Strategic/Tactical Asset Allocation. 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. 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.

## **RISK OF LOSS**

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. 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 are varying degrees of risk:

- Market Risk. Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is often in reaction to tangible and intangible events and conditions. Political, economic and/or social conditions may trigger market events. This is referred to as systemic risk.
- Equity (Stock) Market Risk. Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- Company Risk. There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company can perform poorly or that its value can be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- Options Risk. Options on securities are subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.
- Fixed Income Risk. Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk. Exchange traded fund ("ETF") and mutual fund investments bear additional expenses based on a pro rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.
- Management Risk. Your investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.
- Alternative Investment Risk. These investments have a high degree of risk. It is possible for you to experience total loss or a substantial loss of investment. In the absence of a public market for these securities, there is lack of liquidity and an expected investment time horizon usually in excess of five years. There are no guarantees that you will receive a distribution and payments of distributions may also decrease or diminish your interest.
- Interest Rate Risk. Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Currency Risk. Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

## 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 are able to 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. As part of that program, they can receive travel. This creates an incentive to qualify for the recognition program. Please see ADDITIONAL COMPENSATION on page 11 for more information.

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 can 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 representatives' 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 his or her 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.

## **BROKERAGE PRACTICES**

If you wish to implement our advice you are free to select any broker you wish. If you wish to have our representatives implement the advice in their capacity as a registered representative, then Geneos, in our capacity as broker-dealer, will be used. Our representatives are registered representatives of Geneos and are required to use the services of Geneos when acting in their capacity as registered representatives. Geneos has a wide range of approved securities products for which it performs due diligence prior to selection. Geneos' registered representatives are required to adhere to these products when implementing securities transactions through Geneos. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker-dealer.

If you wish to implement our advice you are free to select any broker-dealer or investment advisor you wish. If you contract for our asset management services, we must use only those custodians that have been approved by Geneos. Additionally, some of the programs we utilize require you to establish your account with a particular custodian.

In certain instances, qualified custodians, where Geneos is the introducing broker-dealer, participate in activities that are designed to help facilitate the distribution of their products, such as marketing activities and educational programs, and by offsetting expenses that result from the cost of doing business. Geneos also receives revenue sharing from interest accrued on margin debit balances and accounts not electing a sweep option receiving a credit interest. We may, as a broker-dealer, impose additional amounts on account fees, transfer fees, mutual fund surcharges, interest on cash account delinquencies, and annual maintenance fees for IRA accounts. Geneos is incentivized to maintain our clearing agreement with Pershing as we receive Business Growth Credits. In return for assistance in facilitating the activities described above, Geneos may receive additional compensation from qualified custodians. The revenue sharing payments received by Geneos from these qualified custodians incentivize Geneos to sell to you or recommend you hold investments that make these revenue sharing payments to Geneos over investment products that do not make revenue sharing

payments to Geneos. Geneos can also be incentivized to recommend investment products whose companies make higher revenue sharing payments to Geneos over companies whose payments are lower by comparison.

We take seriously our obligation of best execution for client transactions. It is a catalyst in deciding about a particular custodian. While quality of execution at the best price is an important consideration, best execution does not necessarily mean lowest price and it is not the sole consideration. The qualified custodian may aggregate transactions for a client with other clients to improve the quality of execution. Allocations of the aggregated orders are made under procedures designed to treat all clients fairly. The trading process of any custodian suggested by us must be efficient, seamless and straight forward. Overall custodial support services, trade correction services and statement preparation are some of the other factors we consider when suggesting a custodian. We do not have any soft dollar arrangements.

Custodians utilized by us make available (at reduced or no cost) other products and services that benefit us but not necessarily benefit our clients' accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmations and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of fees to advisors from clients' accounts
- Assist with back-office functions, record-keeping and client reporting.

Some custodians also offer other services intended to help us manage and further develop our business enterprise such as consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing.

Geneos and some of its representatives can choose to utilize independent research to assist in directing your investments. The independent research is unaffiliated with Geneos in anyway. The cost of independent research is paid for by the party utilizing it and not passed on to the client.

As a fiduciary, we endeavor to act in our clients' best interests. Our recommendation that clients maintain their assets in accounts at certain broker-dealers or custodians can be based in part on the benefit to us of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by such broker-dealers. This may create a conflict of interest. You are under no obligation to act on our recommendations.

Some of our custodians make available the ability to aggregate clients' orders together for execution. For example, if we sell 100 shares of XYZ from client A's account and sell 1000 shares of XYZ from client B's account, the custodian is able to submit a single trade to sell 1100 shares of XYZ for execution. If the shares are sold over multiple lots, the price will be averaged over all the shares and both clients will receive the same execution price.

# REVIEW OF ACCOUNTS

Unless you contract for ongoing consultation services, financial planning reviews are performed only upon a request from you. We recommend that you have your financial plan reviewed at least annually or even more frequently if there are changes that affect your goals, objectives, or financial situation. Additional fees can be charged, and a new contract will be needed, if you wish additional reviews.

If you contract for ongoing consultation services, you will receive a review at least annually to determine if your objectives are being met. We can perform reviews more frequently at your request, or if you notify us about a change that would trigger a review, such as a marriage, new job, etc.

Managed accounts are reviewed on an ongoing basis. Each representative is responsible for reviewing their own client accounts and monitoring the portfolio to determine when changes are needed. 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.

Accounts held at third party money managers are reviewed by the representative on an ongoing basis and with the client upon your request.

## ACCOUNT REPORTS

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. Some platforms include quarterly performance reporting that is delivered by the custodian. Accounts managed by other money managers send you reports as disclosed in their disclosure brochure. If you request it, your representative will prepare a performance report for your account using Albridge. Albridge is an online, secure statement consolidation and reporting service.

Certain custodians, 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

## OTHER COMPENSATION

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 who they form relationships with through the training over managers that they have not received training and education from.

For additional discussion on other compensation received by us, our owners or our representatives, please refer to ADDITIONAL COMPENSATION on page 11 and OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS on page 16.

### **CLIENT REFERRALS**

From time to time we 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.

## **CUSTODY**

Custody has been defined as having access or control over client funds and/or securities, but does not include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisors Act of 1940* and must ensure proper procedures are implemented. Our procedures do not result in our maintaining custody of client funds and securities apart from the withdrawal of fees.

Although we only have limited custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client’s name. Clients or an independent representative of the client directs, in writing, the creation of all accounts and therefore are aware of the qualified custodian’s name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client’s independent representative, at least quarterly. Clients should carefully review those statements. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

## **INVESTMENT DISCRETION**

Asset management services are provided on a non-discretionary basis for ERISA (Employee Retirement Income Security Act of 1974) plan accounts that require a rule 408(b)(2) disclosure. Asset management services provided on a non-discretionary basis means that we (Geneos or your IAR) contact you before implementing any transactions in your account. Neither Geneos, nor its

investment advisor representatives, act in an ERISA 3(38) fiduciary capacity; only in a 3(21) fiduciary capacity.

When executing an agreement for services with us for all registrations excluding ERISA plan accounts that require a rule 408(b)(2) disclosure, 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.

When discretionary authority is granted, it is limited. We have the authority to determine the type and amount of securities to be bought or sold; not the broker or dealer used nor the commission rates paid when executing transactions. We do not have access to your funds and/or securities with the exception of having advisory fees deducted by the account custodian from your account and paid to us. Any fee deduction or check requests are done pursuant to your prior written authorization.

## **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 his or her understanding of issues presented in the proxy voting materials. However, you have the ultimate responsibility for making all proxy voting decisions.

## **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, 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.