

**Item 1: Cover Page**

**Part 2A of Form ADV  
Firm Brochure**

March 30, 2023

**Revere Financial, LLC**  
**dba Strategic Portfolio Managers**  
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This brochure provides information about the qualifications and business practices of Strategic Portfolio Managers. If you have any questions about the contents of this brochure, please contact us at 847-441-2600. 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. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise. Additional information about Strategic Portfolio Managers is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Strategic Portfolio Managers on March 9, 2022 are described below. Material changes relate to Strategic Portfolio Managers' policies, practices or conflicts of interests.

- There are no material changes to report.

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## **Item 4: Advisory Business**

### **A. Revere Financial, LLC**

Revere Financial, LLC dba Strategic Portfolio Managers ("SPM" and/or "the firm") is an Illinois limited liability company and an investment adviser. The firm is principally owned by the holding company Alpha Capital Partners, LLC. Peleg Haplern, James Jacobson and Andrew Kerai are all members of Alpha Capital Partners, LLC. Peleg Halpern and James Jacobson are the managing members of Strategic Portfolio Managers, while Andrew Kerai is an indirect shareholder. SPM has been providing investment advisory services since October 2010.

### **B. Advisory Services Offered**

#### **B.1. Investment Supervisory Services**

SPM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. SPM creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

SPM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client. SPM will request discretionary authority in order to select securities and execute transactions on behalf of its clients that include securities and strategies described in Item 8 of this brochure.

In addition to providing SPM with information regarding their personal financial circumstances, investment objectives and tolerance for risk, clients are required to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio, and to promptly notify the firm of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. SPM will remind clients of their obligation to

inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. SPM will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

## **B.2. Financial Planning**

Financial plans and financial planning may include, but are not limited to: investment planning; tax concerns; retirement planning; and debt/credit planning. SPM will provide a Cash Flow model to clients. SPM does not charge an additional fee for this service.

## **B.3. ERISA Plan Services**

For SPM's Qualified Retirement Plan accounts, our service begins with an analysis of the current retirement plan structure, custodian, third-party administrator, daily record keeper, investments, managed investment models, and fees. The analysis is designed to determine if we are able to add value to the plan and what areas, if any, may be deficient from both a regulatory perspective and from a financial advisory perspective.

We will offer you one or more of the following services:

- Plan design and asset selection consultation
- Develop and annually review Investment Policy Statement ("IPS")
- Develop investment menu according to the IPS
- Review plan sponsor's stated financial criteria for each investment option
- Monitor each investment option according to the IPS
- Quarterly portfolio statements, rate of return reports, asset allocation statements
- Provide investment research and performance information on investment options
- Investment option replacement guidance
- Personal consultations with the plan sponsor as necessary
- Develop Plan Investment Committee Charter, as needed
- Fiduciary due diligence assistance
- Attendance at Plan Committee and other meetings
- Annual Fiduciary Plan Review
- Fiduciary education services to Plan Committee
- Participant education, guidance, and enrollment
- Vendor coordination assistance
- Benchmarking services
- Board resolution appointing the trustee(s) of the plan
- Creation and/or oversight of the education calendar
- Stable Value Analysis

All retirement plan consulting services shall be in compliance with the applicable laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, our firm acknowledges its fiduciary standing within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Planning Agreement with respect to the provision of services described therein.

### **C. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

### **D. Wrap Fee Programs**

SPM does not participate in wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

### **E. Clients Assets Under Management**

As of December 31, 2022, SPM has \$114,492,624 discretionary assets under management, and \$12,558,895 in non-discretionary assets under management.

## **Item 5: Fees and Compensation**

### **A. Methods of Compensation and Fee Schedule**

SPM's fee for the investment supervisory services is an asset-based fee calculated as a percentage of the value of the managed assets according to the following fee schedule, which represents SPM's maximum fees for individual services. Fees are negotiable.

<b><i>Total Assets Under Management</i></b>	<b><i>Annual Fee</i></b>
\$1 - \$750,000	1.00%
\$750,001 - \$1,500,000	0.90%
\$1,500,001 - \$2,500,000	0.85%
\$2,500,001 - \$5,000,000	0.80%
\$5,000,001 - \$8,000,000	0.75%
\$8,000,001 - \$10,000,000	0.70%
Above \$10,000,000	0.60%

Fees are subject to the investment advisory agreement between the client and SPM. This management fee will be based on the average daily value of investments for the preceding quarter. All asset-based fees are deducted by the qualified custodian of record on a quarterly basis in arrears, as indicated on the client's agreement. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar month. The form of billing will be documented in the contract between the client and SPM.

#### **A.1.a Important Disclosure – Custodian Investment Programs**

Please be advised that the firm utilizes certain custodians/broker-dealers. Under these arrangements we can access certain investment programs offered by the custodian that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. Please note the following:

***Limitation on Mutual Fund Universe for Custodian Investment Programs:*** Please note that as a matter of policy we prohibit the receipt of revenue share fees from any mutual funds utilized for our advisory clients' portfolios. Nonetheless, if the firm decides to take these 12b-1 fees in the future, please note the following: There are certain programs offered by the custodian in which the firm participates that limit the types of mutual funds and mutual fund share classes to those in which the custodian has negotiated the receipt of 12b-1 and/or other revenue sharing fee payments from the mutual fund issuer or sponsor. As such, a client's investment options may be limited in

certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client. Such fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances (i) where our adviser representative is also licensed as a registered representative of a broker-dealer and receives a portion of 12b-1 and or revenue sharing fees as compensation – such compensation creates an incentive for the investment adviser representative to use programs which utilize funds that pay such additional compensation; and (ii) where the broker-dealer receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm clients.

## **B. Client Payment of Fees**

Clients are billed quarterly in arrears. SPM requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

SPM will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

A client investment advisory agreement may be canceled by either party with seven days' prior written notice. Upon termination, any unearned, prepaid fees will be promptly refunded, and any earned, unpaid fees will be immediately due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.



## **C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. A client using SPM may be precluded from using certain mutual funds because they may not be offered by the client's custodian.

Please note that for client accounts the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging transaction fees on trades that it executes or that settle into the custodian's accounts ("transaction-based fees"). In no event does SPM receive any portion of the custodian's transaction fees. For some accounts, the client may be offered the choice of asset-based pricing, where the custodian charges a percentage of the dollar amount of assets in the account in lieu of transaction-based fees. If asset-based pricing is selected and very little trading is done for the account, more fees could be paid by the client to the custodian than would have been charged under transaction-based pricing. Factors the client should consider before selecting an asset-based pricing structure versus transaction-based pricing, include the amount of trading expected in the portfolio, the size of the portfolio, and the transaction fees and asset-based fees charged by the custodian. Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

## **D. ERISA Planning Compensation Description**

SPM's standard fee includes establishing client Investment Policy Statement, reviewing plan structure, investment management, investment selection and monitoring, fund changes, participant education and reporting. Advisory fees for the plan are paid to SPM by the plan, or directly from the plan sponsor, or in some cases a combination of both. This fee may include services as an ERISA section 3(21) or 3(38) fiduciary with respect to client's plan.

SPM's advisory agreement with each plan sponsor outlines the timing of fees collected and the process of fee remittal to SPM. Generally, the Sponsor will pay SPM quarterly or monthly, either in advance or in arrears, a fee covering all charges for the services. The fees will be charged as a flat fee, hourly fee, a fee based on assets under management, or other fee structure outlined in the agreement.

## **E. External Compensation for the Sale of Securities to Clients**

SPM's advisory professionals are compensated by the management fees it receives from its advisory clients. SPM's advisory professionals may receive commission-based compensation for the sale of insurance products. Please see Item 10.C. for detailed information and conflicts of interest.

### **Item 6: Performance-Based Fees and Side-by-Side Management**

SPM does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

### **Item 7: Types of Clients**

SPM generally provides investment services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Pension and Profit Sharing Plans

SPM generally requires a minimum account size of \$250,000. SPM, in its sole discretion, may waive the required minimum.

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

#### **A. Methods of Analysis and Investment Strategies**

SPM uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

SPM is responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based

risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
  - Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
  - Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, SPM reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. SPM may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **A.1. Mutual Funds, Exchange-Traded Funds, and Individual Equity and Debt Securities**

SPM may recommend no-load and load-waived mutual funds and individual securities (including fixed income instruments). A description of the criteria to be used in formulating an investment recommendation for mutual funds, ETFs, and individual securities (including fixed-income securities) is set forth below.

SPM may utilize additional independent third parties to assist it in recommending and monitoring individual securities and mutual funds to clients as appropriate under the circumstances.

SPM reviews certain quantitative and qualitative criteria and formulates investment recommendations to its clients. Quantitative criteria may include:

- The performance history of a security evaluated against that of its peers and other benchmarks
- An analysis of risk-adjusted returns

- An analysis of the investment return, standard deviation of returns over specific time periods

Qualitative criteria may include an assessment of the company's management, competition, market for products and services, government regulations, and related factors.

## **A.2. Material Risks of Investment Instruments**

SPM may invest in open-end mutual funds, individual equity, fixed income and exchange-traded funds for the vast majority of its clients. SPM may effect transactions in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Municipal securities
- U.S. government securities
- Options

### **A.2.a Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

### **A.2.b. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

### **A.2.c. Exchange-Traded Funds (“ETFs”)**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs®, streetTRACKS®, DIAMONDS, NASDAQ 100 Index Tracking Stock (“QQQs”) iShares® and VIPERs®. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company’s advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF’s underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

### **A.2.d. Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company’s ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity, political and currency risk.

### **A.2.e. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality’s ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to

pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

#### **A.2.c. U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

## **B. Investment Strategy and Method of Analysis Material Risks**

### **B.1. Margin Leverage**

Although SPM, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, SPM will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank

custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

### **B.2. Short-Term Trading**

Although SPM, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

### **B.3. Technical Trading Models**

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

### **B.4. Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

SPM as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases
- Option spreading

#### **B.4.a. Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

#### **B.4.b. Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

#### **B.4.c. Long Put Option Purchases**

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

#### **B.4.d. Option Spreading**

Option spreading usually involves the purchase of a call option and the sale of a call option at a higher contract strike price, both having the same expiration month. The purpose of this type of transaction is to allow the holder to be exposed to the general market characteristics of a security without the outlay of capital to own the security, and to offset the cost by selling the call option with a higher contract strike price. In this type of transaction, the spread holder “locks in” a maximum profit, defined as the difference in contract prices reduced by the net cost of implementing the spread. There are many variations of option spreading strategies; please contact the Options Clearing Corporation for a current Options Risk Disclosure Statement that discusses each of these strategies.

### **C. Security-Specific Material Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one



investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

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

### **A. Broker-Dealer or Representative Registration**

Neither SPM nor its representatives are registered broker-dealers and do not have an application to register pending.

### **B. Futures or Commodity Registration**

Neither SPM nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **C.1. Insurance Sales**

Members of SPM are licensed insurance agents and may recommend insurance products offered by such carriers for whom they function as an agent and receive a commission for doing so. Please be advised there is a conflict of interest in that there is an economic incentive to recommend insurance and other products of such carriers.

Please also be advised that SPM strives to put its clients' interests first and foremost, and clients may utilize any insurance carrier or insurance agency they desire.

## **C.2. Other Investment Adviser**

Members of SPM have indirect ownership interests in another Registered Investment Adviser. The members are not involved with the other Registered Investment Adviser and each of the entities are operated autonomously and independently.

## **C.3. Business Consultation**

James Jacobson assist clients with business consultation needs to Alpha Capital Partners, the parent holding company of SPM. Alpha Capital Partners' business consultation service provides Loan Acquisition, Private Valuation, and Cashflow Analysis services. Fees paid to Alpha Capital Partners for this work are based on the total value of the loan acquisitioned with Alpha Capital Partners help. This presents a conflict of interest as members of SPM have an economic incentive to recommend clients with businesses to seek consultation services from Alpha Capital Partners. Additionally, members of SPM have an economic incentive to recommend your businesses take on loans. Members of SPM will only recommend these services when it is in the best interest of the client. The Client always has the right to decide whether to act on the recommendation and if you decide to do so, you can choose the professional of your choosing. This activity will not affect our ability to supervise Client accounts, as the volume and required hours of services is not expected to be significant.

## **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

SPM does not recommend separate account managers or other investment products in which it receives any form of referral or solicitor compensation from the separate account manager or client.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, SPM has adopted policies and procedures designed to detect and prevent insider trading. In addition, SPM has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of SPM's advisory and access persons. The Code also imposes certain reporting

obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of SPM. SPM will send clients a copy of its Code of Ethics upon written request.

SPM has policies and procedures in place to ensure that the interests of its clients are given preference over those of SPM, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

## **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

SPM does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, SPM does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

## **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

SPM, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- Owned by the client, or
- Considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which SPM specifically prohibits. SPM has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- Require our advisory representatives and employees to act in the client's best interest
- Prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow SPM's procedures when purchasing or selling the same securities purchased or sold for the client.

## **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

SPM, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other SPM clients. SPM will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation (please refer to Item 12.B.3 Order Aggregation). It is the policy of SPM to place the clients' interests above those of SPM and its employees.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Broker-Dealers for Client Transactions**

#### **A.1. Custodian Recommendations**

SPM may recommend that clients establish brokerage accounts with Schwab Institutional, a division of Charles Schwab & Co., Inc., a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although SPM may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. SPM is independently owned and operated and not affiliated with custodian. For SPM client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

SPM considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by SPM, SPM will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a

broker-dealer or custodian recommended by SPM will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

#### **A.1.a. How We Select Brokers/Custodians to Recommend**

SPM seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

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

#### **A.1.b. Client's Custody and Brokerage Costs**

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian's accounts. For some accounts, the custodian may charge a percentage of the dollar amount of assets in the account in lieu of commissions. The custodian's commission rates and asset-based fees applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates and asset-based fees paid are lower than they would be if the firm had not made the commitment.

In addition to commissions or asset-based fees, the custodian charges a flat dollar amount as a “prime broker” or “trade away” fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client’s custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client’s trading costs, the firm has the custodian execute most trades for the account.

#### **A.1.c. Soft Dollar Arrangements**

As a result of the firm’s recommendation to clients to custody assets with a specific custodian, the firm is deemed to be in receipt of soft dollar benefits from said custodian. These soft-dollar benefits are in the form of institutional trading and custody services, other products and services, and additional compensation received from custodians. Please refer to the following Items A.1.d. through A.1.h. for disclosure of such benefits.

#### **A.1.d. Institutional Trading and Custody Services**

The custodian provides SPM with access to its institutional trading and custody services, which are typically not available to the custodian’s retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor’s clients’ assets are maintained in accounts at a particular custodian. The custodian’s brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

#### **A.1.e. Other Products and Services**

Custodian also makes available to SPM other products and services that benefit SPM but may not directly benefit its clients’ accounts. Many of these products and services may be used to service all or some substantial number of SPM’s accounts, including accounts not maintained at custodian. The custodian may also make available to SPM software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of SPM’s fees from its clients’ accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help SPM manage and further develop its business enterprise. These services may include

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

The custodian may also provide other benefits such as educational events or occasional business entertainment of SPM personnel. In evaluating whether to recommend that clients custody their assets at the custodian, SPM may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

#### **A.1.f. Independent Third Parties**

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to SPM. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to SPM.

#### **A.1.g. Additional Compensation Received from Custodians**

SPM may participate in institutional customer programs sponsored by broker-dealers or custodians. SPM may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between SPM's participation in such programs and the investment advice it gives to its clients, although SPM receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving SPM participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
  - The ability to have advisory fees deducted directly from client accounts
  - Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers

- Discounts on compliance, marketing, research, technology, and practice management products or services provided to SPM by third-party vendors

The custodian may also pay for business consulting and professional services received by SPM's related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for SPM's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit SPM but may not benefit its client accounts. These products or services may assist SPM in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help SPM manage and further develop its business enterprise. The benefits received by SPM or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

SPM also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require SPM to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, SPM will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by SPM's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for SPM's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, SPM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by SPM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence SPM's recommendation of broker-dealers for custody and brokerage services.

#### **A.1.h. The Firm's Interest in Custodian's Services**

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services so long as a certain minimum of client assets is kept in accounts at the custodian. This minimum of client assets may give the firm an incentive to recommend that clients maintain their accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm.



## **A.2. Brokerage for Client Referrals**

SPM does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

## **A.3. Directed Brokerage**

### **A.3.a. SPM Recommendations**

SPM typically recommends Schwab as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

### **A.3.b. Client-Directed Brokerage**

Occasionally, clients may direct SPM to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage SPM derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. SPM loses the ability to aggregate trades with other SPM advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## **B. Aggregating Securities Transactions for Client Accounts**

### **B.1. Best Execution**

SPM, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. SPM recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. SPM will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts

- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, SPM seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of SPM's knowledge, these custodians provide high-quality execution, and SPM's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, SPM believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

### **B.2. Security Allocation**

Since SPM may be managing accounts with similar investment objectives, SPM may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by SPM in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

SPM's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. SPM will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

SPM's advice to certain clients and entities and the action of SPM for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of SPM with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of SPM to or on behalf of other clients.

### **B.3. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if SPM believes that a larger size block trade would lead to best overall price for the security being transacted.

#### **B.4. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

SPM acts in accordance with its duty to seek best price and execution and will not continue any arrangements if SPM determines that such arrangements are no longer in the best interest of its clients.

### **Item 13: Review of Accounts**

#### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Accounts are reviewed by SPM's Managers. The frequency of reviews is determined based on the client's investment objectives, but reviews are conducted no less frequently than annually. More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in the underlying investment, or changes in macro-economic climate.

#### **B. Review of Client Accounts on Non-Periodic Basis**

SPM may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how SPM formulates investment advice.

### **C. Content of Client-Provided Reports and Frequency**

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by SPM.

Each financial planning client will receive the financial plan upon completion.

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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Other than what is disclosed in Item 12 regarding benefits the firm receives from its custodian, SPM does not receive economic benefits for referring clients to third-party service providers.

### **B. Advisory Firm Payments for Client Referrals**

SPM does not pay for client referrals.

## **Item 15: Custody**

Under government regulations, we are deemed to have custody of a client's assets if the client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets. Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in the client's account. Clients are urged to compare billing statements provided by SPM to the custodian statement for accuracy. Any discrepancies should be brought to the firm's attention. The custodian's statement is the official record of the account.

## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to SPM with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, SPM will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment

limitations may be designated by the client as outlined in the investment advisory agreement.

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

SPM does not take discretion with respect to voting proxies on behalf of its clients. SPM will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of SPM supervised and/or managed assets. In no event will SPM take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, SPM will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. SPM has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. SPM also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, SPM has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where SPM receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

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

#### **A. Balance Sheet**

SPM does not require the prepayment of fees of \$500 or more, six months or more in advance, and as such is not required to file a balance sheet.

#### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

SPM does not have any financial issues that would impair its ability to provide services to clients.

## **C. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.

## **Item 19: Requirements for State-Registered Advisors**

### **A. Principal Executive Officers and Management Persons**

Peleg Halpern is the firm's President, Chief Compliance Officer and Managing Member. James Jacobson is an additional Managing Member. Education and business background information can be found on the Part 2B Brochure Supplement.

### **B. Outside Business Activities Engaged In**

Any outside business activities engaged in by the firm's managers are disclosed in Item 10 of this Brochure and/or Part 2B Brochure Supplement.

### **C. Performance-Based Fee Description**

SPM does not charge performance-based fees. See Item 6 of this Brochure.

### **D. Disclosure of Material Facts Related to Arbitration or Disciplinary Actions Involving Management Persons**

The firm has no material facts related to arbitration or disciplinary actions involving management persons to disclose.

### **E. Material Relationships Maintained by this Advisory Business or Management Persons with Issuers of Securities**

Any material relationships maintained by this advisory business or management persons with issuers of securities are disclosed under Item 10 of this Brochure.