

## Item 1: Cover Page

### **Appendix 1 of Part 2A Wrap Fee Program Brochure**

March 24, 2023

#### **The Archer Consulting Group, LLC**

SEC File No. 801-113282

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This wrap fee program brochure provides information about the qualifications and business practices of The Archer Consulting Group, LLC. If you have any questions about the contents of this brochure, please contact us at 713-572-1717 or [jona@archerconsulting.com](mailto:jona@archerconsulting.com). 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 The Archer Consulting Group, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary. At this time there are no material changes.

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## Item 4: Services, Fees and Compensation

### A. The Archer Consulting Group, LLC

The Archer Consulting Group, LLC ("ACG" or "the firm") is a Texas limited liability company. The firm's principal owners are Jona Husbands, Allan Jaster, and Steven C. Rhatigan. ACG has been providing investment advisory services since 2011.

#### A.1. Advisory Services Offered

We offer Investment Management Services based on the individual goals, objectives, time horizon, and risk tolerance of each client.

Investment Management Services may include, but are not limited to, the following:

- Discretionary Investment Management
- Annual Investment Policy Statement
- Asset allocation, reviewed quarterly
- Regular and/or continuous portfolio monitoring, with quarterly portfolio reports
- Portfolio allocation with third-party managers
- Coordination with other third parties (accountants, attorneys, insurance agents, etc.) on an as-needed basis

We use a scientific approach and a systematic strategy to manage investments. We follow strict fiduciary standards, putting our clients' interests before our own and seeking to avoid conflicts of interest with our clients.

All prospective clients are provided a complimentary consultation (not to last more than 1 hour) to determine the service most applicable to the client. Prior to engaging us, clients are required to enter into a formal advisory agreement setting forth the scope of the relationship, the terms and conditions, and responsibilities of both ACG and client.

For discretionary investment management services, ACG receives a limited power of attorney to effect securities transactions on behalf of clients that include securities and strategies described in Item 8 of this brochure. Discretionary authority allows us to act on behalf of the client in most matters necessary or incidental to the handling of the account, including monitoring certain assets, without the client's prior approval. Risk tolerance levels will be documented in the Investment Policy Statement (or similar document used to establish client's objectives and suitability), which will be created and provided to each client. We act in accordance with the Investment Policy Statement regardless of discretionary authority.

Advice and services provided under an advisory agreement are tailored to the stated objectives of the client(s). Through personal discussions in which goals and objectives are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. Under certain

agreements, we will also provide clients with estate planning advice and guidance. This type of guidance may include a review of estate planning documents, general recommendations as well as recommendations relating to irrevocable life insurance trusts, and assisting clients with the facilitation of legal document creation with attorneys or other third parties.

Clients are obligated 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 in writing of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. ACG 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. ACG 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.

## **A.2. Fees and Compensation**

### **A.2.a. Fee Schedule**

Our compensation is generally based on a percentage of Assets Under Management (AUM). Fees are charged in arrears based upon the market value of the account at the end of the quarterly billing period. Market value means the value of all assets in the account (not adjusted by any margin debit). For purposes of determining value, securities and other instruments traded on a market for which actual transaction prices are publicly reported shall be valued at the last reported sale price on the principal market in which they are traded (or, if there shall be no sales on such date, then at the mean between the closing bid and asked prices on such date). Other readily marketable securities shall be priced using a pricing service or through quotations from one or more dealers.

Our standard fee schedule is:

<u>Account Assets</u>	<u>Annual Fee</u>
First \$1,000,000	1.25%
Next \$2,000,000	0.75%
Over \$3,000,000	0.50%

We require a minimum investment amount of \$1,000,000 to establish an Investment Management relationship. This amount may be reduced or waived by us if we determine a reduction or waiver is appropriate. If we manage the portfolio of one or more immediate family members, we will aggregate and bill the portfolio as a family account. When an individual or family account moves upward or downward during the quarter to the next tier, it will be billed that respective tier's percentage fee for the entire quarter. We may modify the fee at any time upon 30 days' written notice to the client. In the event client is an ERISA-governed plan, fee modifications must be approved in writing by client.

The trading cost component of the above-mentioned advisory fees are estimated to range from \$500 to \$1,500 per year based upon a \$1,000,000 account size.

These fees include charges for all transaction costs such as commissions on purchase and sales of stocks, bonds, exchange-traded funds and options, and mutual fund transactions fees. Except as otherwise provided below, client will incur no charges other than the adviser's fee pursuant to the above fee schedule in connection with the maintenance of and activity in client's account. The wrap fee does not include annual account fees or other administrative fees, such as wire fees, charged by manager or brokerage firm; fees for securities transactions executed away from the custodian; certain odd-lot differentials, transfer taxes, transaction fees mandated by the Securities Act of 1934, postage and handling fees, and charges imposed by law with regard to transactions in the client's account; and advisory fees, expenses or sales charges (loads) of mutual funds (including money market funds), closed-end investment companies or other managed investments, if any, held in client's account. The wrap fee also does not cover certain costs associated with securities transactions in the over-the-counter market, such as fixed income securities where manager must approach a dealer or market maker to purchase or sell a security. Such costs include the dealer's mark-up, mark-down or spread and odd-lot differentials or transfer taxes imposed by law.

## **B. Disclosure of Cost Difference if Services Purchased Separately**

Depending on a number of factors, such as the number, size and nature of the securities transactions in an advisory account, the overall fees and charges borne by the client over time could be more or less than what these fees and charges would be if the same services were provided on a separate basis. Bundled fees generally provide an economic incentive for the advisory firm to select investments and strategies that minimize trading costs. Frequent trading in an account where transaction fees are included as part of the overall advisory fee to the client drive trading costs higher and reduce the overall fee revenue to the advisor. As a result, higher trading costs in a bundled fee account have a negative impact on the advisory firm's profitability.

## **C. Additional Client Fees and Terms of Payment**

### **C.1. Client Payment of Fees**

Advisory management fees are paid in arrears. ACG 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 at any time by the client, or by CWSFA with 30 days' prior written notice to the client. Upon termination, any earned, unpaid fees will be due and payable.

### **C.2. Additional Fees**

In addition to ACG's fee, clients may incur certain charges imposed by custodians, brokers, third-party investment and other third parties such as fees charged by managers, custodial fees,

deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, mutual fund sales loads, 12(b)-1 fees, surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and other fees and taxes. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Advisory fees charged by ACG are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. ACG does not share in or receive any portion of such fees. A description of these fees and expenses are available in each investment company security's prospectus.

Please refer to the Brokerage Practices section (Items 9.B.2 and 9.B.3) for additional information regarding the firm's brokerage practices.

#### **D. Compensation for Recommending the Wrap Program**

The Wrap Program is a proprietary product offered exclusively through ACG. As such, there are no conflicts of interest in that there are no commissions paid for selling the Wrap Program.

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

ACG's advisory professionals are compensated primarily through a salary and bonus structure. ACG is not paid any sales, service, or administrative fees for the sale of mutual funds or any other investment products with respect to managed advisory assets.

#### **F. 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 through such custodian(s) 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:*** There are certain programs in which we participate where 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.

***Conflict Between Revenue Share Class (12b-1) and Non-Revenue Share Class Mutual Funds:*** Revenue share class/12b-1 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 where the custodian 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.

***Additional Disclosure Concerning Wrap Programs:*** To the extent that we either sponsor or recommend wrap fee programs, please be advised that certain wrap fee programs may (i) allow our investment adviser representatives to select mutual fund classes that either have no transaction fee costs associated with them but include embedded 12b-1 fees that lower the investor's return ("sometimes referred to as "A-Shares," depending on the mutual fund issuer), or (ii) allow the use of mutual fund classes that have transaction fees associated with them but do not carry embedded 12b-1 fees (sometimes referred to as "I-Shares," depending on the mutual fund sponsor). Wrap fee programs offer investment services and related transaction services for one all-inclusive fee (except as may be described in the applicable wrap fee program brochure). The trading costs are typically absorbed by the firm and/or the investment representative. If a client's account holds A-Shares within a wrap fee program, the firm and/or its investment adviser representative avoids paying the transaction fees charged by other mutual fund classes, which in effect decreases the firm's costs and increases its revenues from the account. Effectively, the cost is transferred to the client from the firm in the form of a lower rate of return on the specific mutual fund. This creates an incentive for the firm or investment adviser representative to utilize such funds as opposed to those funds that may be equally appropriate for a client but do not carry the additional cost of 12b-1 fees. As a policy matter, the firm does not allow funds that impose 12b-1 or revenue sharing fees on the client's investment within its wrap fee programs. Clients should understand and discuss with their investment adviser representative the types of mutual fund share classes available in the wrap fee program and the basis for using one share class over another in accordance with their individual circumstances and priorities.

## **G. Client Assets Under Management**

As of December 31, 2022, ACG managed \$152,531,820 of discretionary assets and \$0 of non-discretionary assets.



## **Item 5: Account Requirements and Types of Clients**

We provide investment advice and portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, and trust programs. Because each client is unique, they must be willing to be involved in the planning and ongoing processes. Such involvement does not have to be time consuming, however we want our clients to remain informed and have a sense of security about their investments.

Our minimum account requirement is \$1,000,000 for our Investment Management Services. However, this minimum may be waived for a client by ACG, if a waiver is considered appropriate by the principal(s) of ACG.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **A. The Firm Acts as Both a Wrap Fee Sponsor and Portfolio Manager**

The ACG Wrap Program is a proprietary product offered exclusively through the firm.

We offer Investment Management Services based on the individual goals, objectives, time horizon, and risk tolerance of each client.

Investment Management Services may include, but are not limited to, the following:

- Discretionary Investment Management
- Annual Investment Policy Statement
- Asset allocation, reviewed quarterly
- Regular and/or continuous portfolio monitoring, with quarterly portfolio reports
- Portfolio allocation with third-party managers
- Coordinate with other third parties (accountants, attorneys, insurance agents, etc.) on an as-needed basis

For its discretionary investment management services, ACG receives a limited power of attorney to effect securities transactions on behalf of its clients. Discretionary authority allows us to act on behalf of the client in most matters necessary or incidental to the handling of the account, including monitoring certain assets, without the client's prior approval. Risk tolerance levels will be documented in the Investment Policy Statement (or similar document used to establish client's objectives and suitability), which will be created and provided to each client. We act in accordance with the Investment Policy Statement regardless of discretionary authority.

Clients have the right 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. ACG 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. ACG 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. 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.

## **C. Performance-Based Fees and Side-by-Side Management**

ACG 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.

## **D. Methods of Analysis, Investment Strategies and Risk of Loss**

### **D.1. Methods of Analysis**

ACG uses a variety of sources of data to conduct its economic, investment and market analysis, which may include 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.

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

### **D.2. Investment Strategy**

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

### **D.2.a. Margin Leverage**

Although the firm, 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, the firm 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.

### **D.2.b. Short-Term Trading**

Although the firm, 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.

### **D.2.c. Short Selling**

The firm generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

#### **D.2.d. 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.

#### **D.2.e. 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.

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

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

##### ***D.2.e.1. 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.

##### ***D.2.e.2. 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.

**D.2.e.3. 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.

**D.3. Material Risks of Investment Instruments**

ACG may invest in open-end mutual funds and exchange-traded funds for the vast majority of its clients. In addition, for certain clients, ACG may effect transactions in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Municipal securities
- Variable annuities

**D.3.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.

**D.3.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.

**D.3.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<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index

Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>") iShares<sup>®</sup> and VIPERs<sup>®</sup>. ETFs have embedded expenses that the client indirectly bears.

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.

#### **D.3.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 and currency risk.

#### **D.3.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.

#### **D.3.f. Variable Annuities**

Variable Annuities are long-term financial products designed for retirement purposes. In essence, annuities are contractual agreements in which payment(s) are made to an insurance company, which agrees to pay out an income or a lump sum amount at a later date. There are contract limitations and fees and charges associated with annuities, administrative fees, and charges for optional benefits. They also may carry early withdrawal penalties and surrender charges, and carry additional risks such as the insurance carrier's ability to pay claims. Moreover, variable annuities carry investment risk similar to mutual funds. Investors should carefully review the terms of the variable annuity contract before investing.

#### **D.4. 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.

#### **E. Investment Discretion**

Generally, clients grant ACG ongoing and continuous discretionary authority to execute its investment recommendations in accordance with ACG's Statement of Investment Policy (or similar document used to establish each client's objectives and suitability), without the client's prior approval of each specific transaction. Under this discretionary authority, clients allow ACG to purchase and sell securities and instruments in their account(s), arrange for delivery and payment in connection with the foregoing, select and retain sub-advisors, and act on behalf of the client in matters necessary or incidental to the handling of the account, including monitoring certain assets.

The only restrictions on our discretionary authority are those set by the client on a case-by-case basis.

#### **F. Proxy Voting**

The firm does not take discretion with respect to voting proxies on behalf of its clients. The firm 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 the firm supervised and/or managed assets. In no event will the firm take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, the firm 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. The firm has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. The firm 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, the firm 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 the firm 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 7: Client Information Provided to Portfolio Managers**

The firm is the sole portfolio manager in the ACG Wrap Program and does not share any personal information it collects from its clients other than as required by law or regulatory mandate. The firm may collect the following information in order to formulate its investment recommendations to clients:

- Income
- Employment and residential information
- Social security number
- Cash balance
- Security balances
- Transaction detail history
- Investment objectives, goals, and risk tolerance
- Sources of wealth and/or deposits
- Risk assessment
- Investment time horizon
- Income and liquidity needs
- Asset allocation
- Restrictions on management of accounts
- Client interview(s)
- Review of client's current portfolio
- Analysis of historical risk/return characteristics of various asset classes
- Analysis of the long-term outlook for global financial markets
- Analysis of the long-term global economic and political environments

## **Item 8: Client Contact with Portfolio Managers**

The firm encourages communication with its clients and does not limit or condition the amount of time clients can spend with the firm's advisory professionals.

## **Item 9: Additional Information**

### **A. Disciplinary and Other Financial Activities and Affiliations**

#### **A.1. Disciplinary**

There are no current or pending disclosure items to report on behalf of the firm's advisors.

##### **A.1.a. Criminal or Civil Actions**

There is nothing to report for this item.

##### **A.1.b. Administrative Enforcement Proceedings**

There is nothing to report for this item.

##### **A.1.c. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report for this item.

#### **A.2. Other Financial Activities and Affiliations**

##### **A.2.a. Broker-Dealer or Representative Registration**

Neither the firm nor its affiliates are registered broker-dealers and do not have an application to register pending.

##### **A.2.b. Futures or Commodity Registration**

Neither the firm 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.

##### **A.2.c. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

ACG does not maintain any material relationships that present a conflict of interest.

##### **A.2.d. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

Although ACG may recommend separate account managers, it does not receive any form of referral or solicitor compensation from the separate account manager or client.

### **B. Code of Ethics, Brokerage Trading Practices, Account Reviews, and Financial and Related Matters**

#### **B.1. Code of Ethics Description**

In accordance with the Advisers Act, the firm has adopted policies and procedures designed to detect and prevent insider trading. In addition, the firm has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of

the firm'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 the firm. The firm will send clients a copy of its Code of Ethics upon written request.

The firm has policies and procedures in place to ensure that the interests of its clients are given preference over those of the firm, 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.1.a. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

The firm 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, the firm does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

**B.1.b. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

The firm, 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 the firm specifically prohibits. The firm 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 front-running, and
- 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 the firm's procedures when purchasing or selling the same securities purchased or sold for the client.

**B.1.c. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

The firm, 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 the firm clients. The firm 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 the firm to place the clients' interests above those of the firm and its employees.

## **B.2. Factors Used to Select Broker-Dealers for Client Transactions**

### **B.2.a. Custodian Recommendations**

ACG may recommend that clients establish brokerage accounts with Fidelity Institutional Wealth Services ("custodian"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although ACG may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. ACG is independently owned and operated and not affiliated with custodian. For ACG 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.

ACG 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 ACG, ACG 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 ACG 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.

#### ***B.2.a.1. How We Select Brokers/Custodians to Recommend***

ACG 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

#### ***B.2.a.2. Soft Dollar Arrangements***

The firm does not utilize soft dollar arrangements. The firm does not direct brokerage transactions to executing brokers for research and brokerage services.

#### ***B.2.a.3. Institutional Trading and Custody Services***

The custodians provides the firm with access to their 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.

#### ***B.2.a.4. Other Products and Services***

Custodian also makes available to the firm other products and services that benefit the firm 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 the firm's accounts, including accounts not maintained at custodian. The custodian may also make available to the firm 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 the firm'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 the firm 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 the firm personnel. In evaluating whether to recommend that clients custody their assets at the custodian, the firm 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.

#### ***B.2.a.5. Independent Third Parties***

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to the firm. 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 the firm.

#### ***B.2.a.6. Additional Compensation Received from Custodians***

The firm may participate in institutional customer programs sponsored by broker-dealers or custodians. The firm may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between the firm's participation in such programs and the investment advice it gives to its clients, although the firm 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 the firm 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 the firm by third-party vendors

The custodian may also pay for business consulting and professional services received by the firm's related persons, and may pay or reimburse expenses (including client transition



expenses, travel, lodging, meals and entertainment expenses for the firm's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit the firm but may not benefit its client accounts. These products or services may assist the firm 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 the firm manage and further develop its business enterprise. The benefits received by the firm or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

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

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

#### **B.2.b. Brokerage for Client Referrals**

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

#### **B.2.c. Directed Brokerage**

##### ***B.2.c.1. Firm Recommendations***

The firm typically recommends Fidelity as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

##### ***B.2.c.2. Client-Directed Brokerage***

Occasionally, clients may direct the firm 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 the firm 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. The firm loses the ability to aggregate trades with other the firm advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

### **B.3. Aggregating Securities Transactions for Client Accounts**

#### **B.3.a. Best Execution**

The firm, 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. The firm recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. The firm 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, the firm 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 the firm's knowledge, these custodians provide high-quality execution, and the firm'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, the firm believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

#### **B.3.b. Security Allocation**

Since the firm may be managing accounts with similar investment objectives, the firm 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 the firm in the

manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

The firm's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. The firm 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.

The firm's advice to certain clients and entities and the action of the firm 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 the firm with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of the firm to or on behalf of other clients.

#### **B.3.c. 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 the firm believes that a larger size block trade would lead to best overall price for the security being transacted.

#### **B.3.d. 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."

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

## **B.4. Review of Accounts**

### **B.4.a. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Accounts are reviewed by either Jona Husbands or Allan Jaster, who together are responsible for overseeing all investment advisory activities for the firm. Jona Husbands is a Certified Financial Planner (CFP®).

The frequency of reviews is determined based on the client's investment objectives. Accounts are generally reviewed quarterly, but in any event, no less 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 economic climate.

We schedule financial planning reviews with Clients approximately once a year, on a rotating basis through various areas of financial planning. Clients can also initiate financial planning reviews with us if they have changes in their personal circumstances or concerns.

### **B.4.b. Review of Client Accounts on Non-Periodic Basis**

The firm 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 the firm formulates investment advice.

### **B.4.c. Content of Client-Provided Reports and Frequency**

Investment advisory clients receive standard account statements from the custodian of their accounts on a monthly basis. ACG also provides clients with a written report summarizing the account activity and performance generally quarterly, but in any event, no less than annually. Along with these reports, we discuss comparisons to indices performance, as well as asset allocation of the portfolio compared to portfolio target allocations.

## **B.5. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

ACG has arrangements with unrelated third-party providers, including FocusPoint Solutions, Inc. ("FPS") an Oregon Corporation and SEC-registered investment adviser to provide certain services in regards to client accounts. These services may include, but are not limited to the following:

- Research
- Due diligence
- Reporting
- Portfolio analysis
- Portfolio management
- Back office administration

FPS generally does not have any direct contact with ACG's end clients. FPS provides services directly to ACG who is solely responsible for client accounts.

Upon entering into an agreement for advisory services with ACG, clients authorize us to use FPS to service the client's account, including billing and the deduction of fees from client accounts. Clients agree to allow us to share non-public, personal information with FPS for the purpose of administering and managing client's account. We require FPS to execute a confidentiality agreement and not share client information with any unauthorized person or entity.

The use of FPS will not cause client to incur any additional fees. We pay FPS for services out of the total advisory fee charged to client.

**B.5.c. Advisory Firm Payments for Client Referrals**

ACG does not pay for client referrals.

**B.6. Financial Information**

**B.6.a. Balance Sheet**

ACG does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

**B.6.b. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

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

**B.6.c. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report for this item.

## **Item 10: Requirements for State-Registered Advisors**

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

Other than what has been supplied in response to Item 9.A.2 of this Brochure, there is no additional information to disclose.