

# **Fulcrum Equity Management, LLC**

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**March 7, 2023**

## **FORM ADV PART 2A DISCLOSURE BROCHURE**

This Disclosure Brochure provides information about the qualifications and business practices of Fulcrum Equity Management, LLC. If you have any questions about the contents of this Disclosure Brochure, contact us at 888-304-6942. The information in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Fulcrum Equity Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Fulcrum Equity Management, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated March 17, 2022, we have made the following material change:

We amended Item 4 to include a "doing business as" (d/b/a) name under which we conduct advisory business.

We amended Item 5 to update our fee and billing information.

Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

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## Item 4 Advisory Business

### Description of Firm

Fulcrum Equity Management, LLC was founded in 2011 and is a Registered Investment Adviser based in Plano, Texas. We also operate under the d/b/a Providence Wealth Management. Our firm is organized as a limited liability company under the laws of the State of Texas. Craig Allen Love is our principal owner.

As used in this Disclosure Brochure, the words "we", "our" and "us" refer to Fulcrum Equity Management, LLC and the words "you", "your" and "client" refer to you as a client or prospective client of our firm. Also, you may see the term Associated Person in throughout this Disclosure Brochure. Our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm. Fulcrum Equity Management, LLC offers investment advice with the assistance of its Investment Adviser Representatives.

### Investment Management Services

Our firm offers investment management services that consist of discretionary portfolio management services where the investment advice is tailored to meet your individual circumstances and investment objectives. These services include an initial discovery consultation, ongoing review consultations, as may be agreed, to discuss your unique financial situation and changing needs over time. We will ask that you complete certain investor questionnaires, on-boarding forms, and/or other documents to assist us in gathering information about your financial needs and circumstances. This would include your investment experience, investment objectives, time horizon, liquidity needs, risk tolerance, tax circumstances, and various other financial factors necessary for us to develop a complete investor profile.

Based on our evaluation of the foregoing factors, we will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. Once we construct an investment portfolio for you we will monitor your portfolio's performance on an ongoing basis and will rebalance the portfolio as appropriate. Clients are required to notify our firm immediately if their financial circumstances and/or investment objectives change from what has already been disclosed to our firm.

If you enter into discretionary arrangements with our firm, you must grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) before we can buy or sell securities on your behalf. Discretionary authority enables our firm to execute transactions within your account without obtaining your consent or approval prior to each transaction. In limited circumstances and in our sole discretion, we may accept instructions from you that limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account). Such requests must be presented to our firm in writing.

For information on our methods of analysis, investment strategies, and how we might manage your account(s), please see Item 8 (*Methods of Analysis, Investment Strategies and Risk of Loss* section) of this Disclosure Brochure.

### Sub-Advisory Management Services

Fulcrum Equity Management, LLC provides sub-advisory portfolio management services to unaffiliated third-party investment advisers (the "Primary Investment Adviser") and their clients where we manage assets on a discretionary basis as a sub-advisor using specific portfolio strategies developed by our firm, or utilize strategies developed and licensed by other firms. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold within our

investment strategies. As part of these services we will provide model investment strategies, which the Primary Investment Adviser selects for their clients. The Primary Investment Adviser will have the initial and ongoing responsibility to collect client suitability.

### **Financial Planning and Consulting Services**

We provide financial planning and consulting services as a stand-alone service where we offer modular, consultative, broad-based, and/or ongoing financial planning services. These services generally involve a variety of advisory services regarding the management of the client's financial resources based upon an analysis of their individual needs. If you retain our firm for these services, we will meet with you to gather information about your financial circumstances and objectives. As required, we will conduct follow-up interviews for the purpose of reviewing and/or collecting additional financial data. Once such information has been reviewed and analyzed, we will provide you with our recommendations designed to help you achieve your stated financial goals and objectives.

Our recommendations are based on your financial situation at the time we provide our recommendations, and on the financial information you provide to our firm. You will always have the right to accept or reject our recommendations. All terms of the engagement, including specific services to be performed, will be evidenced in a written agreement between you and our firm.

As part of our consulting services we offer various levels of advisory and consulting services to employee benefit plans and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors ("Plan Sponsors") in meeting their management and fiduciary obligations to the Participants under the Employee Retirement Income Securities Act ("ERISA"). In all cases, Plan Sponsors must make the ultimate decision to retain our firm for advisory services. The Plan Sponsor is free to seek independent advice about the appropriateness of any recommended services for the plan.

In providing services to a Plan and/or Participants, our status is that of an investment adviser registered under the Investment Advisers Act of 1940, and we are not subject to any disqualifications under Section 411 of ERISA. To the extent we perform fiduciary services, we are acting as a fiduciary of the Plan as defined in Section 3(21) under ERISA.

We may also provide additional types of pension consulting services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

### **Types of Investments**

For financial planning and consulting services, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. For investment management services, we typically recommend individual equities, ETF's or mutual funds as part of our investment strategies, but we may recommend other securities / investments as may be appropriate for each individual client.

### **IRA Rollover Recommendations**

For purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement

accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

### **Wrap Fee Programs**

Our firm also serves as a portfolio manager and sponsor of a Wrap Fee Program, which is a type of investment program where clients pay a single fee that includes management fees and certain other brokerage costs. We receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our Wrap Fee Program may be higher or lower than you might incur by separately purchasing the types of securities available in the program. For more information concerning the Wrap Fee Program, please see our firm's Wrap Fee Disclosure Brochure, Form ADV Part 2A Appendix 1.

### **Assets Under Management**

As of December 31, 2022, we manage approximately \$195,332,144 in client assets on a discretionary basis and \$0 in client assets on a non-discretionary basis. Our firm also has approximately \$6,690,322 in assets under advisement.

## **Item 5 Fees and Compensation**

### **Investment Management Services**

Our firm charges an annual fee ranging up to 1.50% of assets under management for our investment management services depending on the investment strategies used in your portfolio. Our fee may be billed and payable either monthly in advance or quarterly in arrears, depending on the terms of your investment advisory agreement. In the case of billing in advance, the fee you are billed is based on the value of the assets on the last business day of the preceding calendar month. In the case of billing in arrears, the fee you are billed is based on the average daily balance of assets in the preceding calendar quarter. If the agreement is executed at any time other than the first day of a calendar month, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the month for which we provide management services. Our advisory fee is negotiable depending on individual client circumstances.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements

from your account, and you should review all statements for accuracy. If you have any questions about the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this Disclosure Brochure.

Either party may terminate the engagement upon 30 days written notice. You will incur a pro rata charge for services rendered prior to termination, which means you will incur advisory fees only in proportion to the number of days in the month for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Sub-Advisory Services**

Our firm charges an annual fee ranging from 0.20% to 0.65% of assets under management for our sub-advisory services. Our advisory fee and payment arrangements are negotiable depending on the needs of the Primary Investment Adviser, which will be evidenced in a written agreement.

The Primary Investment Adviser will deduct our fee directly from the client account through the qualified custodian holding the client funds and securities. Our fee will be deducted only where clients have provided such authorization by signing the appropriate custodial forms.

Either party may terminate the agreement upon 30-days' written notice to the other party.

### **Financial Planning and Consulting Services**

We typically offer financial planning and consulting services on either an hourly basis or fixed fee basis. Our hourly fee ranges up to \$250 and our fixed fees generally range up to \$10,000. The hourly fee is usually billed for general consulting services while fixed fee arrangements are often billed for broad-based and project-based financial planning or for financial planning annual reviews. In limited circumstances, we may negotiate a fee above our maximum \$10,000 fixed fee where the client requires planning services beyond the scope of our general financial planning services.

Our financial planning fees - both hourly and fixed fees - are negotiable depending upon the complexity and scope of the service to be performed, your financial situation, and your objectives. Our hourly fees are generally due upon completion of services rendered. For our fixed fees, however, we require that you pay 50% of the fee in advance with the remaining portion due upon completion of services rendered.

Our fee for consulting services to employee benefit plans and their fiduciaries is negotiated with the plan sponsor or named fiduciary on a case-by-case basis. We generally charge a fee based on the percentage of plan assets, which may range up to 0.75% of plan assets. Payment terms are also negotiated on a case-by-case basis. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants unless we are retained under a separate engagement. If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

Either party may terminate the engagement by delivering written notice to the other party. If applicable, any unearned fees will be refunded to the client. All terms of our engagement will be evidenced in the written agreement that you sign with our firm.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by variable annuities, mutual

funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by variable annuities, mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this Disclosure Brochure.

## **Compensation for the Sale of Other Investment Products**

### **Insurance Products**

Investment Adviser Representatives ("IARs") of our firm may be licensed as insurance agents and may sell insurance products through unaffiliated insurance agencies. These persons will earn commission-based compensation for selling insurance products, which is separate and in addition to our advisory fees. This practice presents a conflict of interest because insurance agents have a financial incentive to recommend insurance products. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

We do not accept performance-based fees or participate in side-by-side management. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to other registered investment advisors, registered investment advisory firms and individuals (including high net worth individuals).

Generally, we impose the following account minimum requirements:

- Minimum account size for Equity strategies: \$100,000
- Minimum account size for ETF strategies: \$50,000
- Minimum account size for Mutual Fund and Advisor Directed strategies: \$25,000

We may waive or lower these minimum requirements in our sole discretion.

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

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.



*Risk:* The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Technical Analysis - involves studying past price patterns, trends, and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

*Risk:* The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

*Risk:* Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

Short-Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

*Risk:* Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

Liquidity Risk: The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

Credit Risk: Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

Inflation and Interest Rate Risk: Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

Horizon and Longevity Risk: The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

### **Recommendation of Particular Types of Securities / Investment Strategies**

In regards to our Investment Strategies, we primarily recommend equity securities, mutual fund shares (open-end and closed-end), bonds, and exchange-traded funds. We may also recommend other types of securities since each client may have different needs and/or risk tolerances. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Equity Securities (Stocks): There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Mutual Funds and ETFs: Mutual funds and exchange-traded funds ("ETFs") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange-traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce

returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

Bonds: Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

While our managed portfolios typically consist of equity securities, mutual funds, and ETFs, we may also recommend alternative investments, such as private placements, limited partnerships, limited liability companies, or private funds, to certain "qualified" clients. Alternative investments should be considered to contain an above average amount of risk and the loss of principal is high. These types of investments are generally recommended only as long-term investments as they may be considered illiquid in nature, and clients should be prepared for any investment in these funds to be inaccessible for a prolonged period. To the extent applicable, clients will be provided the required legal investment documentation and must sign documents outside the scope of our firm's investment advisory agreement. These documents may include, but are not limited to: Private Placement Memorandum; Subscription Agreement; Operating Agreement; and/or, Limited Partnership Agreement.

## **Item 9 Disciplinary Information**

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. Our firm and management personnel do not have any required disclosures under this item.

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

We do not have any financial industry activities, affiliations or relationships that are material to our advisory business or to our advisory clients except as listed below.

### Licensed Insurance Agents

Investment Adviser Representatives ("IARs") of our firm may be licensed as insurance agents and may sell insurance products through unaffiliated insurance agencies. These persons will earn commission-based compensation for selling insurance products, which is separate and in addition to our advisory fees. This practice presents a conflict of interest because insurance agents have a financial incentive to recommend insurance products. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required

to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this Disclosure Brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Disclosure Brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we may have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. In efforts to mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities. As a fiduciary, it is our firm's obligation to act in our client's best interest.

## **Item 12 Brokerage Practices**

### **Brokerage Recommendations**

For clients engaging our firm for investment management services, we typically require clients to open one or more custodial accounts in their own name at a qualified custodian, such as TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC or Fidelity Brokerage Services, LLC ("Fidelity"), Member NYSE/SIPC, for which our firm has an established relationship. If you do not direct our firm to execute transactions through a qualified custodian to whom we have an existing relationship with, we reserve the right to not accept your account.

We primarily recommend the brokerage and custodial services of TD Ameritrade Institutional, a division of TD Ameritrade, Inc., member FINRA/SIPC, among others. TD Ameritrade offers independent investment advisers services that include custody of securities, trade execution, clearance and settlement of transactions. Our firm may receive some benefits from TD Ameritrade through its participation in the program. Our firm or our Associated Persons may receive benefits such as assistance with conferences and educational meetings from product sponsors.

In recommending a broker dealer we will endeavor to select those brokers or dealers that will provide quality services at reasonable fees. The reasonableness of such fees is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the custodian's reputation, execution capabilities, and responsiveness to our clients.

As disclosed above, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to clients for custodial and brokerage services. There is no direct link between our participation in the program and the investment advice we give to its clients. These benefits 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; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no

transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our Associated Persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our Associated Persons personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by our firm or our Associated Persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

### **Research and Other Soft Dollar Benefits**

As a registered investment adviser, we may have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the service platforms of these firms and considered a benefit to our firm, but are *not* considered to have been paid with soft dollars. To the extent our firm receives any research products and/or services from your acting custodian/broker-dealer, a conflict of interest arises in that such research and/or services might not directly benefit client accounts. In effort to mitigate this conflict of interest it is our firm's policy to use such research or services to assist in making investment decisions on behalf of client accounts or to assist with our overall responsibility for servicing client accounts, respectively. Clients should also be aware that the commissions charged by a particular broker-dealer for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge. As a registered investment adviser our firm and representatives of our firm have a fiduciary duty to act in our client's best interest.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Block Trades**

We may combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs.

### **Trade Errors**

In the event a trading error occurs in your account, and we are responsible for that error, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.



## Item 13 Review of Accounts

### Portfolio Management

Craig Allen Love, owner of our firm, and/or the Investment Adviser Representative of our firm that is assigned to your account will be responsible for monitoring your managed accounts on an ongoing basis and conducting account reviews (at least annually and/or upon your request) in efforts to ensure that the advisory services provided to you are consistent with your stated investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to: contributions and withdrawals; year-end tax planning; market moving events; security specific events; and/or, changes in your risk/return objectives.

You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

### Financial Planning and Consulting Services

For those clients whom we provide personal financial planning and consulting services, reviews are conducted on an as-needed basis. If you engage us for these services, the Investment Adviser Representative assigned to your account will review your financial plan or current circumstances as needed, depending on the arrangements made with you at the inception of your advisory relationship. Generally, we will contact existing clients periodically to determine whether any updates may be needed based on changes in your circumstances. Changed circumstances may include, but are not limited to: marriage, divorce, birth, death, inheritance, lawsuit, retirement, job loss and/or disability, among others. While we recommend meeting with you at least annually, additional reviews will be conducted upon your request. Such reviews and updates will generally be subject to a new and separate engagement. To the extent we provide any written reports, such reports and/or financial plans will be rendered as part of the negotiated services.

## Item 14 Client Referrals and Other Compensation

We may directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this Disclosure Brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires. Alternatively, the Solicitor may receive a one-time, flat referral fee upon your signing an advisory agreement with our firm. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

## Item 15 Custody

*Fee Deduction* -- As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise *limited* custody over your funds or securities. We do not have physical custody of any of your funds and/or securities as your funds and securities will be held with a bank, broker-dealer, or other qualified custodian (for instance, TD Ameritrade / Fidelity). You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy, and contact us immediately if you have any questions.

## Item 16 Investment Discretion

If you engage our firm for discretionary investment management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is granted by the advisory agreement you sign with our firm and the appropriate trading authorization forms. In limited circumstances and in our sole discretion, we may accept instructions from you that limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account). Such requests must be presented to our firm in writing.

## Item 17 Voting Client Securities

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

## Item 18 Financial Information

The following are disclosures required by the Form ADV Instructions:

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this Disclosure Brochure. We have not filed a bankruptcy petition at any time in the past ten years.

## Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys. We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Contact our main office at the telephone number on the cover page of this Disclosure Brochure if you have any questions regarding this policy. If you decide to close your account(s) we will adhere to our privacy policies, which may be amended from time to time.

If we make any substantive changes in our privacy policy that would further permit or require disclosures of your private information, we will provide written notice to you. Where the change is based on permitted disclosures, you will be given an opportunity to direct us as to whether such disclosure is acceptable. Where the change is based on required disclosures, you will only receive written notice of the change. You may not opt out of the required disclosures. If you have questions about our privacy policies contact our main office at the telephone number on the cover page of this Disclosure Brochure and ask to speak to the Chief Compliance Officer.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:



1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  1. Employer retirement plans generally have a more limited investment menu than IRAs.
  2. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  1. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  2. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  1. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this Disclosure Brochure.