



# ASSET ALLOCATION STRATEGIES, LLC

A REGISTERED INVESTMENT ADVISOR

## Form ADV Part 2A Firm Brochure

### ASSET ALLOCATION STRATEGIES, LLC

33335 Grand River Avenue  
Farmington, Michigan 48336  
[CRD # 152339]  
[www.assetallocationstrategiesllc.com](http://www.assetallocationstrategiesllc.com)  
Main Office: 248.489.0101

November 16, 2023

Asset Allocation Strategies is a registered investment adviser. Registration does not imply that a certain level or skill or training has been obtained. This brochure provides information about the business practices of AAS. If you have any questions about the contents of this brochure, please contact us at 248.489.0101 and/or [BDIAcompliance@glpwins.com](mailto:BDIAcompliance@glpwins.com). Please note that this brochure has not been approved by the Securities & Exchange Commission or by any state securities authority. This firm is registered with the SEC and Notice Filed in multiple states; registration does not mean approval or verification by those regulators. More information about the firm is available at Investment Adviser Public Disclosure : [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Summary of Material Changes 10.15.2023

If we amend this disclosure brochure, we are to send you either a new copy of the brochure or at least this item 2 describing the changes made so you can decide if you want us to send you a complete, new copy. Since the March 31, 2023, annual update, Asset Allocation Strategies ("AAS") has made material changes in the following sections:

### Item 4: Advisory Business:

*Schwab Advisor Services replaces TD Ameritrade Institutional as our primary qualified custodian.*

### Item 5: Fees and Compensation: Added details to the Firm's Conflicts of Interest:

*The firm may also employ advisers and pay them a salary plus a percentage of the customary advisory fee assessed to client accounts. The services and responsibilities to the client under this compensation arrangement are no different to those offered under other advisor compensation arrangements. This can present a conflict of interest if the Advisor may earn more in compensation under one arrangement over the other. We disclose this conflict here and in your Advisor's ADV Part 2B Brochure so you and your Advisor can have a discussion about how they are compensation on the services they provide to you.*

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures, or alternatively, provide you with the then-current Brochure, within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes, as necessary. Currently, our Brochure may be requested, at no charge to you, by contacting our Chief Compliance Officer at 248-489-0101 or by emailing us at [info@glpwins.com](mailto:info@glpwins.com).

Additional information about us is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The SEC's web site also provides information about any persons affiliated with us who are registered, or are required to be registered, as one of our investment adviser representatives of our firm.

## ANNUAL OFFER TO CLIENTS

At any time, you may view the current Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may also request a copy of this Brochure upon written request to:

Asset Allocation Strategies, LLC.  
Attn: Chief Compliance Officer  
33335 Grand River Ave  
Farmington, MI 48336

If you have any questions about the contents of this Material Change notice, please contact us at 248.489.0101 or [info@glpwins.com](mailto:info@glpwins.com). The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Asset Allocation Strategy also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 152339.

## Annual Privacy Policy Delivery

Enclosed you will find a copy of the Firm's Privacy Policy. You may find this and our other disclosures here: <https://assetallocationstrategiesllc.com/regulatoryinformation/>

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## ITEM 4: ADVISORY BUSINESS

### Description of Asset Allocation Strategies

Asset Allocation Strategies, LLC (or “AAS “the firm” or “the adviser” or “we”) is a Michigan limited liability that is an SEC registered investment advisory firm under the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

AAS, established in April 2010, provides investment advisory services to clients on either their employer sponsored retirement program accounts or their personal investment accounts. We may also offer advice to sponsors of 401(k) and 403(b) plans. With respect to our 401(k) and 403(b) business, we have always been a fee based advisor. Our compensation is not commission based but is a fee that is calculated as a percentage of assets under management.

### Principal Owners and Officers

Mr. Alexander Kocoves, Managing Member Owner ; Mr. Kocoves is a non-registered manager only ( 70 % owner). Mr. Kocoves does not perform supervisory duties for Asset Allocations Strategies, LLC.

Mr. Michael P. McEvilly, Member/Owner and does not perform supervisory duties for Asset Allocation Strategies, LLC . [Series 7 ;Series 24 ; Series 63 ; licensed for life insurance sales] (30% owner).

Mr. Justin Rolnitzky is the Director of Internal Operations of Asset Allocation Strategies, LLC and a Principal with the firm’s affiliated broker-dealer, GLP Investment Services, LLC. Mr. Rolnitzky is able to approve new business, sign agreements for the firm with businesses and advisory clients and conduct portfolio management. [Series 7 ; Series 66 ; Series 24 ].

AAS does require its advisory representatives to qualify by passing either the series 65 or the combination of the series 7 and 66.

## **Advisory Services Offered by AAS**

AAS offers discretionary and non-discretionary account management with a variety of investment strategies that range from conservative to aggressive and take an active approach to investing for our clients. AAS also offers Financial Planning and consulting services to clients and plan sponsors on their defined benefit, defined contribution and deferred compensation plans for a flat fee or basis points arrangement. While a majority of our client's assets are held on the SCHWAB ADVISOR SERVICES Ameritrade platform, on occasion we may refer clients to a third party asset manager.

Our asset management services are provided on a discretionary basis. With discretionary authority, we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting you before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority. Discretionary authority is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account and paid to us by the account custodian. You may revoke this authority at any time, in writing, to us.

Custodians are also broker-dealers, and they may have different account fees, execution charges and capacities. This may occur because custodial services are based on several factors. Factors may include, but are not limited to cost, expected level of asset safety, client confidentiality, communication, reporting and execution quality of client trades. We base all decisions on the individual investment circumstances of each client.

## **Portfolio Management**

AAS is a Michigan-based, SEC registered investment adviser (801-106707) that offers discretionary and non-discretionary advice on constructing, implementing and re-balancing investment portfolios. Additionally, based on Capital Market Assumptions developed by the Portfolio Manager, advice is rendered as to optimal asset classes and asset location with respect to the clients overall Strategic Asset Allocation. The firm is prepared to provide advice on many types of securities (see Item 8), Non-discretionary advice will require clients to approve, in writing, each trade execution a client may request the adviser to place on the client's behalf.

## **Service to Individual**

We manage personal investment accounts such as IRAs, joint accounts or individual brokerage accounts on a discretionary and non-discretionary basis by using a research-based process, risk assessment, time horizon, other assets owned. We generally recommend using Schwab Advisor Services or IPX Retirement Services as the account custodian and actively manage these accounts on their platform. We make strategic and tactical allocation decisions at inception of the relationship and regularly as needed and subsequently implement those changes in your account.

We may meet with you in person, virtually or by phone to determine your risk tolerance and overall goals for the investment of your account. After signing an agreement to work together, we a variety of methods to help us decide which model allocation (risk-based or goals-based strategy) is appropriate for you. These methods include meetings to discuss your goals and objectives, risk tolerance, time horizon and other information that will assist your registered investment advisor in making a suitable recommendation. We will communicate with you via email or U.S. mail with market information and account updates.

## **Financial Plans**

AAS' clients may be interviewed using a fact finder whose purpose is to establish what investments are suitable for each client. Some of these interviews will uncover other financial needs in which instances representatives of AAS can provide financial planning services to those clients who desire them. Further fact finding will aim at assessing a client's insurance needs, financial situation, estate, tax planning needs and other topics such as risk-management that a client may request. The adviser utilizes a financial planning software program to assist in the evaluation.

## Services to Plan Sponsors

We may provide investment advice to plan sponsors for which we have a formal agreement to do so. Every plan should have a clear investment policy that sets out how the plan is to be run and how its performance and the performance of its investments are analyzed and reviewed. We assist plan sponsors with development and review of their Investment Policy Statement. We begin with a general meeting to obtain background information and determine the scope of services required. Once the Investment Policy Statement is finalized, we can also assist in the selection of investment categories as well as specific investment choices.

We offer an independent view of the funds and investment vehicles available. We also assist plan sponsors with periodic reviews of investment choices. The specific services we provide to a plan sponsor may vary depending on our relationship. Thus, our agreement with the plan sponsor will describe the specific services we agree to provide the plan sponsor. In any of our services, our clients may place reasonable restrictions on their accounts making it possible for a client to exclude a certain market sector, issuer or particular security type.

## Retirement Plan Rollovers and DOL Fiduciary Status

When we provide investment advice about your retirement plan account or individual retirement account (“IRA”) including whether to maintain investments and/or proceeds in the retirement plan account roll over such investments from the retirement plan account to an IRA or make a distribution from the retirement plan account, we acknowledge that the firm is a “fiduciary” within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code as applicable. The way that the firm makes money creates conflicts with your interests, so the firm operates under a special rule that requires that firm to act in your best interest and not put our interests ahead of yours.

Under this special rule’s provisions, the firm must as a fiduciary to a retirement plan account or IRA under ERISA/the Internal Revenue Code by:

- Meeting a professional standard of care when making investment recommendations (i.e., give prudent advice);
- Never putting the interests of the firm ahead of you when making recommendations (i.e., give loyal advice);
- Avoiding misleading statements about conflicts of interest, fees, and investments;
- Following policies and procedures designed to ensure that the firm gives advice that is in your best interest;
- Charging no more than is reasonable for the services of the firm; and
- Giving you basic information about any conflicts of interest.

To the extent that we recommend that you roll over your account to an account managed by the firm, please know that the firm, its investment advisor representatives have an inherent conflict of interest. Increased investment advisory fees may be earned by recommending that you roll over your account to an account managed by the firm. We will earn fewer investment advisory fees if you do not roll over the funds to an account managed by the firm. Thus, our investment advisor representatives have an economic incentive to recommend a rollover of funds to an account managed by the firm which is a conflict of interest because our recommendation that you open the account to be managed by the firm can be based on our economic incentive and not based exclusively on whether or not moving the funds is in your overall best interest.

We have taken steps to manage this conflict of interest. We have adopted an impartial conduct standard whereby our investment adviser representatives will (i) provide investment advice to a retirement plan participant regarding a rollover of funds from the retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in the firm receiving unreasonable compensation related to the rollover of funds, and (iii) fully disclose compensation received by the firm and our supervised persons and any material conflicts of interest related to recommending the rollover of funds and refrain from making any materially misleading statements regarding such rollover.

When providing advice to you regarding a rollover, our investment adviser representatives and registered representatives will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of the firm or our affiliated personnel.

### **Tailoring of Advisory Services**

Effective financial planning services must be based on each client's individual needs. As noted in our *Services to Individuals* section, all of AAS' clients will be interviewed to establish a client's risk tolerance, goals and objectives, tax and distribution needs. Based upon that information, suitable investments are recommended to each client based upon their individualized situation and needs. Further fact finding will aim at assessing a client's need for other financial services. From time to time, the adviser will utilize a financial planning software program to assist in the evaluation. After the initial consultation, we will sign an agreement to work together and gather additional information to open your account. Our discretionary management of your account begins once assets are received at Schwab Advisor Services where the assets will be invested in the selected securities. In many cases, the Firm uses ETFs to provide cost efficient broad market diversification with improved tax efficiency that we believe is necessary for you, depending on your risk tolerance and financial circumstances.

AAS may refer its advisory client to the advisory services of a third-party money manager or recommend its own goals-based and risk-based based strategies. The selected third-party money managers and the portfolios that are used are regularly vetted by the Director of the Investment Committee and Portfolio Management in conjunction with input from the other members of the Investment Committee.

As a fiduciary, an investment adviser is to make only those recommendations that demonstrably are in the client's own best interests, which means that they, too, must be based on an individual's stated and/or established, individual needs, goals, risk tolerance and investment time horizon. These Plans should be re-evaluated on annual basis or more frequently with substantive changes in the client's financial situation.

### **Restrictions and Constraints**

Clients may impose restrictions on the adviser's ability to invest in certain securities or types of securities including within discretionary accounts; clients must approve each recommended transaction they direct the adviser to place as a transaction order for non-discretionary accounts.

### **Types of Investment Products Offered**

AAS uses some or all the following suitable investment options when providing advisory services: stocks, bonds, mutual funds (stock funds, bond funds and other asset classes), options, exchange-traded funds ("ETFs"), and other securities as chosen by the Adviser

### **Important Disclosure Regarding Fee Based Asset Management Accounts**

When making the determination of whether one of the advisory programs available through AAS is appropriate for your needs, you should bear in mind that fee-based accounts, when compared with commission-based accounts, often result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, the fee-based account arrangements may result in a higher annual cost for transactions.

Thus, depending on a number of factors, the total cost for transactions under a fee account versus a commission account can vary significantly. Factors which affect the total cost include account size, amount of turnover, type and quantities of securities purchased or sold, commission rates and your tax situation. It should also be noted that lower fees for comparable service may be available from other sources. You should discuss the advantages and disadvantages of fee-based and commission-based accounts with your adviser representative.

## **Wrap Fee Programs**

AAS does not “sponsor” a wrap fee program. AAS, for example, does not consider the advisory accounts held on the Schwab Advisory Services with AAS as the adviser a wrap fee program because you will pay a custodial, trade by trade execution cost- if applicable- in addition to the asset-based adviser fees paid when you participate in that platform.

## **Client Assets Under Management by AAS**

As of 12/31/2022 this firm had regulatory assets under management of \$334,747,453 in a continuous and regular manner, all of which are on a discretionary basis. Additionally, the firm managed \$116,537,750 on a non-discretionary basis.

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

Depending upon the type of advisory service to be provided, clients generally have a choice regarding the manner in which fees will be calculated for such services. Options for calculating fees include a percentage of assets under management, hourly charges, flat fees and other retainer or service fees, or some combination of the above. These fees will be outlined and agreed upon as part of the initial Investment Advisory Agreement signed by the IAR and client at the onset of the relationship. Generally speaking, fees are negotiable from client to client and manager to manager and are tailored to the specific type of services that AAS provides to that Client. As a result, not all client accounts employing the same or similar investment strategies will have the same or similar fee structures.

For relationships with Third Party Asset Managers, AAS receives a portfolio/referral fee between .48% to 2% of the client’s account value. Please see Item 14, page 22 for additional detail.

### **Assets Under Management:**

A Client will be charged a certain percentage of assets under management with AAS. Asset levels may be determined at the account level or the household level (multiple accounts). The maximum fee for these services is 2% (annually) of assets under management which is billed and assessed to your account(s) on a quarterly basis.

**Fixed Fees:** Clients should be aware that opening an investment account carries with it costs beyond the advisory fee(s) AAS charges. When placing a transaction order to buy or sell securities, advisory clients may have to pay any or all of the following charges (which may not be limited to ) in addition to the advisory fees charged by this firm: reporting fees, custodial fees, transaction fees, transfer fees, third party administration (“TPA”) fees, processing charges and third-party money manager fees.

**Hourly Charges:** AAS occasionally charges a client an hourly fee for wealth management services or financial planning; please refer to Item 4 for more detail on those services. Hourly fees are stipulated in the relevant client agreement with AAS.

**Other:** AAS may charge a one-time fee to clients for wealth management services or ongoing fees for financial planning services as set forth in the relevant client agreements.

### **Fees to Plan Sponsors**

We negotiate our fees with Plan Sponsors on a case-by-case basis and the fees are set forth in our agreements with the Plan Sponsor. These fees are based on a percentage of the total plan assets or may be a flat fee based upon consulting services as outlined in the Advisory Agreement.

## **Fees Charged by Others**

Mutual funds of all types charge their shareholders various fees and expenses associated with, for example, the establishment and operation of the fund, its management, servicing, etc. All fund fees are explained in the current prospectus for each fund, which is available from the fund. Copies of prospectuses can also be requested by contacting us at [INFO@GLPWINS.COM](mailto:INFO@GLPWINS.COM).

## **Custodial and Platforms Fees**

Depending on where your account is established (which platform or custodian), there will be additional costs associated with your account. These costs may be in the form of a percentage of assets under management, or ticket charges/transaction fee. When establishing your account, these costs will be disclosed in the custodian's Customer Account Agreement signed by both you and your advisor.

## **Fee Calculation and Payment**

### **Billing**

Our fee is charged quarterly, in advance, and is based on the market value of the assets in the account on the date of the close of the previous quarter, or upon receipt of the assets to one of our custodians for new account relationships. For example, a fee charged by January 30 for first quarter fees, would be calculated using the account value as of December 31 close of business. No adjustments are made to the fee for changes in market value during the quarter, or for deposits or withdrawals. We may, at our discretion, combine the value of related household accounts for fee calculation purposes. We may amend our fees with advance written notice to you, in accordance with the terms in our agreement with you.

If any client chooses to cancel their agreement, the firm will calculate the actual fee, based on the number of days services were provided, and remit the unused portion to the client as a refund. The advisory agreement signed by you, your registered investment advisor and our firm at the inception of your relationship with us will outline the advisory fee applicable to your account. That agreement also permits us to assess the fee to your account on a quarterly basis.

Additional deposits of funds and/or securities during a particular calendar quarter are subject to billing on a pro rata basis. Clients who withdraw funds from a managed account during a billing period are not generally entitled to a pro rata refund unless they are terminating their managed account program client agreement.

### **Fees for Portfolio Advice**

Fees for advice and portfolio construction and on-going supervision are a percentage of the assets advised on and/or managed, a maximum of 2.0 %, assessed and payable quarterly in advance, based on the value of the portfolio as of the last business day of the preceding quarter, or upon receipt of the assets to one of our custodians for new account relationships. If a portfolio uses more complex strategies or outside investment managers, a higher amount is negotiated but not higher than 2%. For larger retirement plans, a lower negotiated price may be applicable at the employer level.

### **Fees for Financial Planning**

The firm will perform the initial consultation for fact finding at no cost. After the initial fact finder is completed, the firm's representative will quote the client a flat fee for the financial plan; the flat fee will be a minimum of \$500 and a maximum of \$15,000, incorporating an hourly fee element of \$150 per hour, to account for the work required in situations of more complex personal finances. The higher fee includes conferences with attorneys, CPAs, etc. on the client's behalf. AAS will provide an estimated cost to each client as part of the financial plan agreement; fees are payable upon presentation of a plan. These fees are negotiated between the registered investment advisor and the client.

Advisory clients may regret having signed an advisory agreement and by law may be allowed a full refund of any pre-paid fees if they notify the investment adviser within five (5) working days after signing an agreement for advisory services. Subsequently, either party may terminate the agreement for any reason, by notifying the other party in writing, to be effective within 7 (seven) days.

### **Are our fees negotiable?**

The firm states the fee for portfolio advice and management as a maximum of 2%; at the firm's discretion, that percentage may be negotiable, depending upon such factors as prior relationship or anticipated future increases in investments. Financial planning fees include a built-in measure of negotiation, as the client directs which areas are to be addressed and provides the amount of detailed information to be used in a financial plan.

With any type of mutual fund investment or ETFs, the investor pays fund fees, though they are not always clearly visible. If you invest in investment company securities, you will pay those fees in addition to our management fee. Generally speaking, most mutual funds (though not all share classes) can be purchased directly, without using our services, and without incurring our advisory fees. Individual exchange traded equity securities along with ETFs are traded with no additional transaction costs to the client through Schwab Advisor Services. This allows for active portfolio management without the need to consider increased frequency of trading that, in other products or account types, would cause an increased cost to the investor.

### **Conflicts of Interest**

The firm can face conflicts of interest. Most of these conflicts arise from how we and our registered investment advisers are compensated. We have adopted conflict mitigation practices that are tailored to the nature and scope such interest where we believe they are necessary or appropriate.

Here are examples of potential conflicts when you have an Investment Advisory relationship with our firm:

1. The greater the value of the assets in your account, the more you will pay in fees, therefore, we have an incentive to encourage you to increase the amount of assets in your account. The fee you pay as a percentage of the assets managed will decline if the value of the assets in your account declines.
2. Registered investment advisers receive a portion of the advisory fee you pay to the Firm which may increase as the value of your assets increase. Alternatively, the advisor may also be paid a portion of the fee you pay to the Firm in addition to a salary. The level of service expected and provided will be the same regardless of the compensation structure.
3. We have arrangements with two custodians, Aspire and IPX, who pay us a portion of the fee charged to your account. This is *not* shared with your registered investment adviser. When an employer/plan sponsor hires a third-party administrator ("TPA") and a record keeper/custodian (IPX Retirement Services or Aspire Financial Services), there are fees that are charged to your account. The TPA charges an administration fee per plan participant to perform administrative work for the plan. The record keeper/custodian collects these fees by charging them to your individual account(s). The custodian pays a portion of that fee to the TPA and AAS. This fee is used to cover TPA costs associated with your accounts. This represents a conflict of interest with respect to the recommendation and use of the custodian. We address this conflict by disclosing it here and by prohibiting recommendations that are not in the best interest of the client. AAS mitigates this conflict by ensuring that IARs do not receive any of this fee, meaning they have no financial incentive to recommend these platforms/custodians. AAS also mitigates this conflict by ensuring that AAS does not direct or incentivize IARs to favor one custodian over another. Finally, these fees do not apply to ERISA accounts.
4. Registered investment advisers may also recommend products outside of those offered by AAS. These products include life insurance and annuities for which your Registered investment advisor may earn a commission. In these cases, it will be disclosed to you and the assets placed in these products will NOT be charged an advisory fee.

If your account is placed with one of the custodians/recordkeepers used by AAS, there may be other fees that apply. Please refer to the designated custodian's Participant Account Agreement for full details.

### **Compensation and Disclosures**

*Does the firm or any of its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds? Yes.*

As disclosed and discussed above, persons acting as registered investment advisory representatives may also be registered representatives of the Adviser's affiliated broker/dealer. GLP Investment Services, LLC (GIS) is a FINRA-registered broker/dealer affiliated by ownership to the Adviser.

Officers and Representatives of AAS may also be registered representatives of the broker/dealer. If clients choose to use GLP Investment Services to open an account and transact in direct-way mutual funds as buy/hold investments that the Adviser's representatives have recommended, clients should understand that the registered representative performing that function will earn the normal commissions for the transaction. A registered investment adviser is a fiduciary who is required to make only those recommendations for a client that are solely in the client's own best interest, uninfluenced by any calculation of personal gain.

Clients are not obligated to affect any transactions through the Adviser's related broker/dealer; however, the representatives of the adviser who are also registered representatives of that broker must use their employing broker dealer if a client wishes them to affect the transaction.

As an agent of the broker dealer, the adviser recommending purchases of mutual funds will also be the recipient of some 12(b)-1 fees in their role as a registered representative (not in their role managing advisory accounts for the client). The commissions and fees will be disclosed to you in advance of effecting the transactions.

Our firm addresses this conflict of interest first by informing clients of the conflict in this disclosure brochure. The broker dealer reviews the frequency and nature of the trades an agent makes and the adviser reviews suitability markers. We discourage this practice and the models implemented do not include any 12b-1 fees or brokerage commissions.

Our advisory firm does not receive more than half its revenue from commissions and other sales-based compensation. Our firm's only business activity, in time and in revenues, is its fee-based advisory service.

### **Do we charge advisory fees in addition to commissions or markups?**

We do charge advisory fees. That is how most investment advisers perform business. Our investment advisory firm does not receive commissions or markups from the Advisory Firm.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

AAS does not charge or receive performance-based fees. Performance-based fees are fees based on a share of capital gains or the capital appreciation of your assets. We do not conduct side-by-side management situations where a combination of asset based, and performance fees are collected.

## ITEM 7: TYPES OF CLIENTS

Typically, our clients are individuals, however, we provide services to high net worth and other individuals, corporations and other businesses, other pension and profit-sharing plans, charitable organizations, estates, and trusts. AAS typically requires at least one of the following, at a minimum, when approving new accounts:

### Account Requirements

Generally, our minimums to open account are as follows:

- Periodic contributions of at least \$400/month; or an initial deposit of at least \$15,000;
- Accounts not meeting these minimums are considered on a case-by-case basis.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Methods of Analysis

In formulating our investment advice, the firm uses a combination of top-down and bottom-up approaches to fundamental analysis and in rare instances, technical methods of analysis.

Portfolio allocations are developed starting with Capital Market assumptions and then a strategic asset allocation is developed to determine proper portfolio allocations in effort to meet the clients expected return requirements and risk tolerances. Techniques including Mean-Variance Optimization, Reverse Optimization and the Black-Litterman model are used to identify possible asset mixes. A client's optimal portfolio is the one that maximizes the expected return for an expected level of risk. Portfolios are constructed using one of two approaches, the traditional allocations can be performed at the overall portfolio level or at smaller goal based portfolios for the individual clients short, intermediate and long-term specific goals.

Performance and risk attribution analysis, back-testing and simulations, dollar-cost averaging, research prepared by others, research prepared by portfolio managers, analyst reports, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases. The firm subscribes to investment information services such as Morningstar and F1360. Investments are assessed with more technical criteria including mean returns and standard deviations, levels of systematic (beta) vs. unsystematic risk, VaR, CVaR, alpha (excess or abnormal return), Sharpe Ratio (risk adjusted return), Treynor ratio (expected return per unit systematic risk), Sortino ratio (a measurement of Expected return per unit of downside volatility Information Ratio, a measure of "active return" or frequently used to assess a manager's skill, and Appraisal ratio (AR) which help to assess to the award of active management relative to the risks of active management (alpha from a factor model)

### Charting

This is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

## **Fundamental**

This is a method of evaluating a security by attempting to measure or forecast its intrinsic value by examining related economic, financial and other qualitative and quantitative factors including analysis and research of individual companies financial statements and data relevant to individual sector as well as overall markets valuation methods which include, the Discounted Cash Flow method ( which is also applied to fixed income securities) as well as a thorough assessment of justified multiples are very frequently used tools.

Fundamental analysts attempt to study and determine the factors that can reliably affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company).

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

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision. Additionally, part of security analysis entails not only identifying mispricing, but also determining the cause of the mispricing whether it be structural or temporary. The goal is to identify temporary mispricing between market prices and intrinsic values in hopes that they will converge during the applicable investment horizon. A natural risk with this approach includes identifying the catalyst and timing for this convergence.

## **Quantitative Analysis**

The use of economic, business or financial analysis that aims to understand or predict the movement potential of investment opportunities through the use of mathematical measurements and calculations, statistical modeling and research. In general terms, quantitative analysis can best be understood as simply a way of measuring or evaluating circumstances through the examination of mathematical values of variables. The primary advantage of quantitative analysis is that it involves studying precise, definitive values that can easily be compared with each other, such as a company's year-over-year revenues or earnings.

Common uses of quantitative analysis in investing include the calculation and evaluation of key financial ratios such as the price-earnings ratio (P/E) or price to book, enterprise value to EBITA and other financial statement items. Quantitative analysis ranges from examination of simple statistical data such as revenue, to complex calculations such as discounted cash flow.

## **Technical**

This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance. Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data.

A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly since future trading volume is unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative.

Market sentiment gauges the relative degree of bullishness and bearishness in a given security, industry or sector, and a contrarian investor attempts to utilize such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

### **Risks in Using These Methods and Strategies**

There are risks involved in using any analysis method. To conduct analysis, AAS gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases. As the managers' strategies and methods may vary widely, they may include the risks noted above. None of these strategies are a proven, sure means of obtaining positive results.

All trades will add some costs to be deducted from a client's account and could reduce the overall return or growth in a client's account, if carefully measured against what its value would have been had the adviser not placed the transactions. To evaluate the results of repositioning or rebalancing an account one must compare them carefully to what gains or losses would have occurred had the firm taken no action.

The third-party strategists (these are Third-party Managers that we may select as a part of your investment strategy) review portfolios on a regular basis to rebalance them if needed to maintain the agreed-upon weighting of asset classes. All trading will add costs against an account's performance; frequent trading may increase those costs, potentially reducing overall performance. To ascertain the effect, it is necessary to factor in the losses or gains that would have proven true had the rebalancing not made the trades.

### **Risks of Particular Securities and Risk of Loss**

The firm is prepared to provide advice on many types of securities (see below), but the portfolios its advisers offer to construct will include primarily load-waived shares of mutual funds and ETFs.

The following are types of securities our advisers may use in portfolio construction: exchange listed securities (equities), individual corporate debt securities and U.S. Government Securities, cash secured and protective puts, covered call options, Closed End Funds (CEFs) and Fund of Funds. The firm may also hold securities that a client transfers in from other custodians.

Subject to the client's advisory agreement, we invest and reinvest a client's assets in a variety of securities and other investments. These securities and other investments include classes/types of securities and/or other investments permitted under a client's investment guidelines. Clients should carefully review the relevant issuer's risk disclosures to learn more about the specific risks of their investments.

## **Material Risks**

Investing in securities may involve a significant risk of loss. AAS' investment strategies invest in asset classes and investment vehicles that are subject to various market, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account, which clients should be prepared to bear. There can be no assurance that a client's investment objectives will be obtained and no inference to the contrary should be made.

Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk and consequently, the value of the client's account may at any time be worth more or less than the amount invested.

## **Types of Investment Risks**

Risks of loss regardless of what investment strategy or analysis is undertaken, investing in securities involves risk of loss that clients must be prepared to bear; in fact, some investment strategies could result in total loss of your investment. Some risks may be avoided or mitigated, while others are completely unavoidable. Some of the common risks you should consider prior to investing include, but are not limited to:

### **Market Risks**

The prices of, and the income generated by, the common stocks, bonds, and other securities you own may decline in response to certain events taking place around the world, including those directly involving the issuers; conditions affecting the general economy; overall market changes; local, regional, or global political, social, or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate, and commodity price fluctuations.

### **Interest Rate Risks**

The prices of, and the income generated by, most debt and equity securities will most likely be affected by changing interest rates and by changes in the effective duration and credit ratings of these securities. For example, the prices of traditional fixed debt securities generally decline when interest rates rise and increase when interest rates fall. In addition, falling interest rates may cause an issuer to redeem, "call," or refinance a security before its stated maturity date, which would typically result in having to reinvest the proceeds in lower-yielding securities (otherwise known as reinvestment risk).

### **Credit Risks**

Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default.

### **Risks of investing Outside the U.S.**

Investments in securities issued by entities based outside the United States are often subject to the risks described above to a greater extent. Additionally, they may be subject to heightened counterparty risk (the risk of government not enforcing securities laws and requirements of its countries members) as well as currency risk (the risk of fluctuations in the value of investment instruments further affected by changes in Foreign exchange rates).

### **Investment Company Risk**

To the extent a client account invests in Mutual funds or other investment company securities or pooled investment vehicles that are not exchange traded, its performance will be affected by the performance of those other investment companies. Investments in the funds and other investment companies are subject to the risks of the investment companies' investments, as well as to the investment companies' expenses. If a client account invests in other investment companies, the client account may receive distributions of taxable gains from portfolio transactions by that investment company and may recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.

### **Concentration Risk**

To the extent a client account concentrates its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country or region, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry or such government could be considerably greater than if they did not concentrate their investments to such an extent.

### **Sector Risk**

To the extent a client account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market may be more volatile, and may perform differently, than the broader market. The several industries that constitute a sector may all react in the same way to economic, political or regulatory events. A client account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries may adversely affect performance.

**Inflation Risk** Inflation is a decline in the purchasing power of money over time, and failure to anticipate a change in inflation presents a risk that the realized return on an investment or the future value of an asset will be less than the expected value. Any asset or income stream that is denominated in money is potentially vulnerable to inflationary risk because it will lose value in direct proportion to the decline in the purchasing power of money.

Your investments are not bank deposits and are not insured or guaranteed by the FDIC or any other governmental agency, entity, or person, unless otherwise noted and explicitly disclosed as such, and as such may lose value.

## **ITEM 9: DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of AAS' business or the integrity of AAS' management. Please refer to the Firms ADV at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

AAS is **not** and does **not** have a related person that is a municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment advisor representatives with us.

### **Registered Representative of a Broker/Dealer**

Most of AAS's registered investment advisers are also registered representatives of GLP Investment Services, LLC (GIS), a limited securities broker/dealer. You may work with your registered investment advisor representative in his or her separate capacity as a registered representative of GIS. When acting in his or her separate capacity as a registered representative, your registered investment advisor representative may sell, for commissions, mutual funds, and variable annuity and variable life products to you. As such, your investment advisor representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account.

This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a limited securities broker/dealer. These commissions or fees will be disclosed to you before the transaction is effected. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use GIS and can select any broker/dealer you wish to implement securities transactions (this would then be without transaction assistance from our registered investment advisor/registered representative). If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use GIS. Prior to any such transactions, you are required to enter into a new account agreement with GIS. The registered representatives may also receive additional ongoing 12(b)-1 fees (trailing commissions) for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment. AAS and our registered investment advisor representative will not receive any portion of the 12(b)-1 fees for mutual fund investments held in managed accounts.

A dually registered person may also receive commissions and/or 12b-1 fees from the sales of mutual funds in an account at the affiliated broker-dealer. Such a situation inherently creates a risk for a conflict of interest. We mitigate this conflict by disclosing it here and maintaining policies and procedures designed to ensure that recommendations made to you (including the type of account you should open) are in your best interest. Advisory services are not offered on the broker-dealer accounts.

#### **Insurance Agent**

The firm has an affiliated company that is licensed as an insurance agency, GLP & Associates, Inc. Clients should be aware that whenever the registered investment advisor/financial planner may recommend the purchase of insurance in which instance there will always exist an inherent risk for a conflict of interest, as the commissions to be earned by the related firm create an incentive to make the recommendation. Clients are never obligated to purchase any insurance products nor, if they do choose to obtain them, to do so through the related firm.

## **ITEM 11- CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

#### **Code of Ethics Summary**

Our firm has adopted a Code of Ethics based upon the CFA Institute standards of Professional Conduct and the Standards of Professional Conduct along with The CFA Institute Asset Manager Code™. Our Code of Ethics includes guidelines for professional standards of conduct for our Supervised Persons. 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 of our Supervised Persons are expected to understand and strictly follow these guidelines. Our Code of Ethics also requires that our Supervised Persons submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. All 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 AAS at our Main office 248.489.0101 or via email at [info@glpwins.com](mailto:info@glpwins.com).

#### **Notification of Compliance**

Asset Allocation Strategies claims compliance with the CFA Institute Asset Manager Code. This claim has not been verified by the CFA Institute. If you have any questions with regard to the Asset Manager Code, you may contact the firm's Chief Compliance Officer at 248.489.0101.

## **Affiliate and Employee Personal Securities Transactions Disclosure**

Our registered investment advisers may have their own investment accounts; the advice provided to any one client may be the same as, like, different from or even the opposite of that provided to any other client or employed by a registered investment adviser or representative for his own account, due to personal goals, risk tolerances, etc. Client transactions in any security will always precede those to be placed for proprietary accounts of the firm and whenever a representative has a position related to a recommended transaction, s/he will make that known to the client in advance.

AAS does not aggregate its own or its associates' transactions with clients' transactions. We will always place clients' orders before our own. All registered investment advisers are also registered representatives of the related broker-dealer; the broker-dealer's back office must clear any trades a registered representative intends for her or his own account(s).

The possible conflicts of interest that arise whenever we recommend, or, in our discretion, buy or sell for you a security that we may also buy or sell for ourselves are:

- using your order's market effect to benefit ourselves ("front running");
- using your order as "inside information" that would give us an unfair advantage in the markets to benefit ourselves or any other person (which is an illegal act);
- gaining a lower brokerage cost for ourselves in bunching orders, which can create an incentive to involve your account in that transaction.

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

Our firm or persons associated with our firm may buy or sell securities or hold a position identical to clients. It is our policy that no Supervised Person will put his/her interests before a client's interest. Supervised Persons may not trade ahead of any client and cannot trade for a better price than the price a client would obtain. We prohibit all Supervised Persons from trading on nonpublic information and from sharing such information. Supervised Persons may not invest in an initial public offering (IPO) for their own accounts or those of related household members. Supervised Persons are required to obtain approval from the Compliance Department prior to investing in a private placement or other limited offerings. A company insider, as determined by the rule, is any officer, director or holder of more than 10% of the company's shares.

## **Reporting Requirements:**

Every supervised person who has access to client accounts must submit a report or statement of holdings at the time of affiliation with us and annually thereafter. Such reports must contain current information (not older than 45 days). These reports will contain the following information:

- The title and type of security;
- The security symbol or CUSIP number;
- The number of shares and the principal amount of each reportable security;
- The name of any broker, dealer, or bank with which the Supervised Person maintains an account;
- The date the report was submitted

Any accounts held outside of our Firm must be approved in advance of opening. The Firm also requires that copies of trade confirmations and statements be sent to its Compliance department for review.

## ITEM 12: BROKERAGE PRACTICES

You are under no obligation to act on the recommendations of AAS. If we assist you in the implementation of any recommendations, we are responsible to ensure that you receives the best execution possible. AAS recommends that managed accounts be established with Schwab Advisor Services . Additionally, the firm may use other custodians for the 403(b) and 457 individual client accounts, like IPX Retirement Services, Aspire Financial Services or Fidelity Institutional.

### Considerations Relevant to the Selection of a Specific Recommended Custodian

Although AAS has found the use of these custodian to be consistent with its obligation to seek best execution and that the fees including but not limited to commissions and/or transaction fees) charged by each are reasonable in relation to the value of the brokerage and research services provided, a client may nonetheless pay a fee for services that is higher than another qualified broker-dealer might charge to effect the same transaction.

### Best Execution

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and the benefit to all clients. The Director of Portfolio Management periodically and systematically reviews the custodian's execution quality. A number of factors are utilized by AAS in analyzing overall trade execution quality. These include, but are not limited to:

- Average and range of execution prices for each holding and how different prices were allocated if they were;
- The percentage of orders filled at or better than national bid best and offer (NBBO);
- TWAP and VWAP statistics
- The number of markets checked.
- The timing of the orders along with Bid-Ask spread for each security;
- Any mark-ups or commissions incurred;
- Nature of the securities being purchased or sold;
- The size of the transaction;
- The speed of the transaction;
- Access to market participants, which may be limited due to thin or no trading activity for a particular security.

While there is no direct link between the investment advice given to you and our recommendations of custodians, they may also make available to us other products and services that benefit our firm but may not benefit clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts.

These include software and other technology that provide access to client account data (such as trade confirmation and account statements); provide research, pricing information and other market data; facilitate payment of the firm's fees from its clients' accounts; and assist with back-office functions; record keeping and client reporting.

### Directed Brokerage

Directed Brokerage is a client direction that AAS utilize a custodian that is not among the AAS' approved custodians. In directing AAS to use a specific custodian and/or broker-dealer (other than those recommended by AAS), clients should understand that AAS will not have the authority to negotiate commissions among various custodians or obtain volume discounts. With AAS not having an established relationship with these custodians, the client can pay higher servicing fees to the custodian of their choice. This also affects AAS' ability to achieve best execution for these clients.

AAS does not direct brokerage to a specific broker-dealer in return for client referrals either to our firm or to a related firm. The inherent conflict of interest in this practice stems from an adviser's fiduciary duty to the client to put the client's interests first. The referrals create an incentive to use the broker-dealer not for the services a client will receive, but due to the benefit to the advisory firm. Directed brokerage may result in brokerage costs that are higher than a client might obtain from another broker-dealer.

### **Investment Allocation and Trade Aggregation Policy**

Our allocation and aggregation process requires fair and equitable treatment of all orders. When mutual funds are traded, there is no value to aggregation as each trade receives the same price. To the extent other securities are purchased or sold that lend themselves to aggregation or block trading (for example, stocks or exchange traded funds); we may aggregate client transactions or allocate orders whenever possible. The aggregation of orders provides the effects of lower transaction per share costs. To the extent that we aggregate client orders for the purchase or sale of securities, including securities in which our principals and/or Supervised Persons may invest, we shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital, and Incorporated. We shall not receive any additional compensation or remuneration as a result of the aggregation.

When trading/rebalancing our models, the firm prioritizes the release of trading orders with respect to its advised accounts as follows:

- Discretionary accounts with no restrictions that require manual trade adjustments such as deviations from the model for cash requirements or that hold non-model securities, etc.;
- Accounts with restrictions that require manual intervention to process trades;
- Non-discretionary accounts that require pre-approval of trades.

AAS "aggregates" or "blocks" purchase or sale transactions where it decides to purchase or sell the same securities for several Clients at approximately the same time. AAS, in certain circumstances, includes access person transactions with those of nonaffiliated Clients.

Generally, AAS would aggregate or block such transactions in order to obtain best execution, to obtain more favorable commission rates, or to allocate equitably among multiple Clients, the differences in prices, commissions or other transaction costs that might have been obtained had such orders been placed independently. Each account participating in the block will receive the average price if multiple executions are required to complete the order, and transactions and costs will be allocated in proportion to the purchase and sale orders placed for each Client account in that security on that day. Block trades will typically be segregated by custodian, and by AAS Advisory team, when purchasing or selling securities. In such cases, participating Clients will receive the average execution price and their pro rata share of transaction costs. However, because of AAS practice of managing portfolios on an individual basis, AAS does not always block transactions except for certain accounts managed in accordance with a model. Thus, AAS's ability to take advantage of volume discounts or other potential cost and execution advantages of block trades are limited.

### **Cross Transactions**

A cross trade is a transaction between two accounts managed by the same investment registered investment advisor. We recognize the potential for significant conflicts of interest when performing internal cross transactions in client accounts; therefore, the general policy is to not perform internal cross transactions. However, if we deem it to be in the best interest of certain clients, we may perform an internal cross transaction. Generally, this type of transaction will only occur in limited circumstances. Prior to executing such a transaction, the trader at the Custodian will obtain prior written approval from the Firm's designated principal.

### **Transaction Allocation**

AAS investment models may receive allocations of securities or investments different from other investment models. Through the allocation process, AAS bases these allocations on a number of factors including, but not limited to, the trade rotation policy, previous transactions, model restrictions, the model risk profile, available cash and liquidity. We will seek to be consistent in our investment approach for all investment models with similar investment objectives, strategies and restrictions. However, the act of purchasing, selling or holding a security for one investment model does not mean that we will do the same for other models.

### **Trading Errors**

Even with our best efforts and controls, trade errors can happen. All trade errors will be brought to the attention of the designated Principal immediately upon discovery. We will work to formulate the best resolution for the client. In the event of a trade error, we will work with the intent to make the client whole. Trade errors will be moved from the client's account to either our trade error account with the broker/dealer that executed the trade or that broker/dealer's trade error account, depending upon which party is responsible for the error. In cases in which we are responsible for the error, all losses will be paid by us and all gains will be retained by the custodian and donated to charity. In cases in which the broker/dealer is responsible for the error, we will follow the procedures of the broker/dealer with respect to any gains or losses in the trade error account. Please be advised that any trade errors that result from inaccurate instructions provided by the client remain the financial responsibility of the client.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **Client Accounts**

AAS' home office operations principals review client accounts upon establishment for suitability of the recommendations made. In addition, AAS' registered investment advisers provide regular investment advice and routinely review client accounts and are responsible for contacting you at least annually.

In most cases, accounts are reviewed more frequently through various means, including telephone calls, in-person meetings, overall strategy reviews, and/or the review of monthly and quarterly statements. Reviews are based on objectives and parameters established by clients, which are generally memorialized through their individual advisory agreements, investment policy statements, or other suitability and investment objectives documentation.

Periodic reviews and face-to-face meetings or conference calls are triggered by events such as client requests, a change in financial goals or objectives, and significant world, economic or market events.

### **Investment Models**

The underlying securities and the strategic target and tactical allocations within each Model Portfolio or strategy are continuously monitored by the Director of Portfolio Management.

### **Statements and Reports**

The Qualified Custodian/Broker-Dealer for a client's account will send the client at least quarterly statements, showing holdings and charges, as well as the usual reports on transactions effected. Annual reviews are scheduled at client discretion. As the adviser, AAS urges its clients to carefully compare all account statements with any other statement they may receive. The custodian's statements serve as the permanent record of a client's account.

## ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Advisory firms may compensate us for referral activities. AAS may serve as a Promoter for a variety of third-party asset managers (TPAM) with respect to some or all of your assets under management with AAS. In such cases, AAS and your registered investment advisor are compensated by the TPAM in the form of an agreed upon percentage of assets under management. This fee is set forth in the Advisory Agreement you sign with your registered investment advisor at the time of account opening and may range from 0.5% to 2.0%. These fees come in the form of referral fees paid directly to us by the third-party firm. Due to the nature of the relationship with these advisory firms, material conflicts of interest may arise, including but not limited to financial incentive to promote an affiliation or relationship with that adviser.

### **Additional Compensation**

Supervised Persons, if properly registered and licensed to do so, can also receive compensation on non-advisory business. This may come in the form of commissions from the sale of other non-advisory investment products include, but are not limited to, variable annuities, mutual funds, and such non-investment related products as life insurance. Such commissions provide a registered investment advisor with an incentive to recommend these investment products based on the compensation they will receive from selling such products. This may be considered a conflict of interest; however, we do not allow registered investment advisers to earn commissions on products that are included within our advisory accounts.

### **Investment Registered Investment Advisers/ Principals and Officers**

Some of the firm's principals may receive additional compensation in the form of a percentage of fees based upon assets under management.

This additional compensation presents a conflict of interest. There is no additional fee or cost assessed to the client account. The firm has procedures in place to ensure the recommendations are in the best interest of the client. The firm mitigates this conflict by employing a third party who conducts an annual, independent audit of our firm's policies and supervisory practices.

There is one principal who currently receives compensation in this manner. Justin Rolnitzky receives half of one percent, paid quarterly.

The firm may also employ registered investment advisers and pay them a salary plus a percentage of the advisory fee assessed to client accounts. The services and responsibilities to the client under this compensation arrangement are no different than those offered under other registered investment advisor compensation arrangements.

### **Expense Reimbursements**

We can from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We have controls in place to mitigate this conflict by always basing investment decisions on the individual needs of our clients, which is evaluated by a principal of the firm before the account is established with the custodian.

## ITEM 15 CUSTODY

AAS does not have physical or electronic custody of your funds or securities. Your account assets will be held with a bank, broker/dealer, or another independent qualified custodian. You will receive account statements directly from the custodian(s) holding your account assets no less than 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 your registered investment advisor with any questions you may have. Please note that the custodians' account statement serves as your permanent record of your assets held with each custodian.

## ITEM 16: INVESTMENT DISCRETION

For most clients, AAS has been contractually given investment discretionary authority (i.e., authority to act without first obtaining specific client consent to each investment transaction) to determine the securities to be bought or sold, and the amount of the securities to be bought or sold. This discretionary authority also allows AAS to determine the third-party money manager to be used for client accounts through its money management platform. The discretionary authority is granted by the client through execution of the investment management agreement. Clients occasionally impose reasonable restrictions on this authority (e.g., no defense stocks, no tobacco). All such restrictions are documented in writing. Clients modify the imposed restrictions by providing the change to AAS in writing. AAS reserves the right to refuse to open an account or to terminate an account if AAS believes, in its sole discretion, that the restrictions placed are excessive and would limit its ability to manage the account effectively and prudently. Clients should also understand that the imposition of portfolio restrictions may affect performance of the affected portfolios, either positively or negatively.

## ITEM 17: VOTING CLIENT SECURITIES - PROXY VOTING PRACTICES

At this time, Asset Allocation Strategies does not have and will not accept authority to vote its clients' proxy votes for the securities they own. As stated in the Investment Advisory Agreement, we do not provide advice on proxy materials for your accounts.

## ITEM 18: FINANCIAL INFORMATION

This item is not applicable to this brochure. AAS is not required to submit a Balance Sheet under this item, as our firm does not require or solicit payment of more than \$1200 in fees per client, six months or more in advance.

### Financial Difficulties

AAS has no financial condition reasonable likely to impair our firm's ability to meet its contractual commitments to its clients. This question is important, especially if an investment adviser has discretion, custody, or both; if our financial condition were precarious, our clients would be exposed to increased risks that we might not manage their assets properly, according to the SEC. Prepaid fees might not be refunded if an advisory firm were to cease being able to do business due to insolvency. Our firm has not been the subject of a bankruptcy petition during the last 10 years.