

**Item 1: Cover Page  
Part 2A of Form ADV: Firm Brochure  
October 2023**



**CRD# 169832**  
**[www.bwam.net](http://www.bwam.net)**

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Chesterfield, MO 63017**

**Firm Contact:  
Robert Balice  
Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Bridgewater Asset Management LLC. If you have any questions about the contents of this brochure, please contact us by telephone at (636) 536-9936. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

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

Please note that the use of the term "registered investment adviser" and description of Bridgewater Asset Management LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## Item 2: Material Changes

Bridgewater Asset Management LLC is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure.

Since the last annual amendment filed on 03/08/2023, the following changes have been made:

- Pursuant to the merger of Charles Schwab & Co, Inc. ("Schwab") and TD Ameritrade, Inc., Client's that previously custodied assets with TD will now be custodied under Schwab. Please see Item 12 and 14 of our firm brochure for more information on Schwab's brokerage practices.

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## Item 4: Advisory Business

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed in the State of Missouri. Our firm has been in business as an investment adviser since 2014. Effective July 1, 2022, Bridgewater Asset Management LLC is a wholly-owned subsidiary of Bridgewater HoldCo, LLC, which is in turn majority owned by Bridgewater Legacy Partners, LLC. The Principal Officers of these entities are Robert Balice and Thomas Ross.

### Description of the Types of Advisory Services We Offer.

#### **Asset Management:**

We emphasize continuous and regular account supervision. As part of our asset management service, we create a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be in the client's best interest. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio in their advisory agreement.

#### **Financial Planning & Consulting:**

We provide a variety of financial planning or consulting services to individuals and high net worth individuals; trusts, estates or charitable organizations; and pension and profit sharing plans regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas:

- **Cash Flow & Debt Management** – This involves advice with respect to cash accounts, financial obligations, and cash management.
- **Risk Management & Insurance Planning** – This includes risk management associated with advisory recommendations based on the combination of insurance types that best meet a client's specific needs, e.g. life, health, disability, and long-term care, and others as appropriate.
- **Investment Planning** – This involves advice with respect to asset selection and allocation, as well as investment income accumulation techniques. Evaluations are made of existing and, when applicable, potential investments in terms of their economic and tax characteristics as well as their suitability for meeting client's objectives. Tax consequences and their implications are identified and evaluated in general terms.
- **Retirement Planning** – This involves advice with respect to alternatives and techniques for accumulating wealth for retirement income or advice relative to appropriate

distributions of assets following retirement. Tax implications and consequences are identified and evaluated in general terms.

- **Education Planning** – This includes alternatives and strategies with respect to the complete or partial funding of college or other post-secondary education experience. Tax consequences and their implications are identified and evaluated in general terms.
- **Estate Planning** – This service involves advice with respect to property ownership, distribution strategies, estate tax reduction, and tax payment techniques. It involves a discussion of gifts, trusts, etc. and the disposition of business interests. Tax consequences and their implications are identified and evaluated. At the request of the Client, our firm will engage the client's chosen personal estate attorney or planner, with regard to advising the wealth management of the estate planning.
- **Tax Planning** – Tax planning is referred to the client's chosen personal tax advisor. Our firm may offer advice as to how tax laws may affect various financial decisions, e.g. acquisitions, pension strategy, investing in new opportunities or consolidation of existing investments, and individual taxation issues, among others.
- **Business Succession Planning** – This includes alternatives and strategies with respect to continuity or disposition of the business upon the business owners' retirement, death, disability, or decision to sell. Tax implications and consequences are identified and evaluated.
- **Consolidation of Finances** – As a result of performing some or all of the services listed in points 1 through 8 above, our firm may be able to recommend strategies or methods for consolidating the client's financial situation in order for the client to manage their financial situation more easily and to obtain efficiency, cost savings, and diversification.

Our written financial plans or financial consultations rendered to clients usually include recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service unless requested to do so. Plans or consultations are completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

We are required to disclose to our financial planning clients that a conflict of interest exists between us and our clients. The client is under no obligation to act upon the investment adviser's recommendation. If the client elects to act on our recommendations, the client is under no obligation to effect the transaction through us. Implementation of the recommendations will be at the discretion of the client.

**Pension Consulting:**

We provide pension consulting services to employer plan sponsors on a one-time or ongoing basis. Pension consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education.

All pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in section 1 of the Pension Consulting Agreement).

**LPL Financial Sponsored Advisory Programs:**

Our firm may provide advisory services through certain programs sponsored by LPL Financial ("LPL"), a registered investment adviser and broker-dealer. Below is a brief description of each LPL advisory program available to our firm. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the conflicts of interest presented by the programs please see the LPL Financial Form ADV Part 2 or the applicable program's Appendix 1 (wrap fee program brochure) and the applicable client agreement.

**Optimum Market Portfolios Program (OMP)**

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. Advisor will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. Advisor will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum account value of \$15,000 is required for OMP.

**Personal Wealth Portfolios Program (PWP)**

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. Advisor will have discretion for selecting the asset allocation model portfolio based on client's investment objective. Advisor will also have discretion for selecting third party money managers (PWP Advisors) or mutual funds within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities.

A minimum account value of \$250,000 is required for PWP.

### **Model Wealth Portfolios Program (MWP)**

MWP offers clients a professionally managed mutual fund asset allocation program. We will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange traded funds) and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, Advisor will have discretion to choose among the available models designed by LPL and outside strategists.

A minimum account value of \$50,000 is required for MWP.

### **Manager Access Select Program**

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. Advisor will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

### **Tailoring of Advisory Services**

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We offer individualized investment advice to clients utilizing our Asset Management service. Additionally, we offer general investment advice to clients utilizing our Financial Planning & Consulting and Pension Consulting, services.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our Asset Management service. We do not manage assets through our other services.

### **Participation in Wrap Fee Programs**

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We offer wrap fee programs as further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure") of our Brochure. Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

## **Regulatory Assets Under Management**

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As of December 31, 2022, we manage \$231,369,017 on a discretionary basis and \$11,247,728 on a non-discretionary basis.

### **Item 5: Fees & Compensation**

We are required to disclose that lower fees for comparable services may be available from other sources. Please note that unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees.

### **How We Are Compensated for Our Advisory Services**

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Assets Under Management is defined as the accumulated total of all accounts held within a client household. Other non-advisory assets may be included by the advisor at their discretion.

#### **Asset Management:**

<b>Assets Under Management</b>	<b>Maximum Annual Percentage of Assets Charge</b>
\$0 to \$250,000	1.50%
\$250,000 to \$499,999	1.25%
\$500,000 to \$999,999	1.00%
\$1,000,000 to \$1,999,999	0.90%
\$2,000,000 to \$3,999,999	0.85%
Over \$4,000,000	0.80%

When establishing the asset charge for a specific account, the advisor will consider various factors which include the size of the account, trading frequency and transactions cost imposed. There are instances when the advisor will assess a lower asset charge to offset the cost of transaction charges or the selection of higher share classes which do not assess a transaction charge. The goal being to establish a total cost that is equivalent or lower than the asset management schedule above.

Our fees may be negotiable. Our firm bills on cash unless indicated otherwise in writing. Fees will be automatically deducted from your managed account. In rare cases, we will agree to direct bill clients.

#### **Clients custodied with LPL Financial ("LPL"):**

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Our fees may be negotiable.

Fees will be automatically deducted from your managed account\*. LPL will make quarterly adjustments for deposits and withdrawals in client accounts. As part of this process, you understand and acknowledge the following:



- a) LPL Financial as the custodian sends statements at least quarterly to Clients showing all disbursements for their account, including the amount of the advisory fees paid to our firm;
- b) The Client has provided written authorization permitting fees to be directly paid by these terms;
- c) LPL Financial calculates the advisory fees and deducts them from the Client's account.

**Clients custodied with Charles Schwab & Co., Inc. ("Schwab"):**

Our firm's fees are billed on a pro-rata basis quarterly in arrears based on the value of the account(s) on the market value of the account at the end of the quarter. Adjustments will be made for deposits and withdrawals during the quarter. As part of this process, you understand and acknowledge the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

We will review your annual percentage of assets charge at least annually to determine consistency with the fee schedule shown above.

If you wish to terminate our services, you need to contact us in writing and state that you wish to cancel the Asset Management service. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees, if applicable. For the purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated by dividing the advisory fee by the number of the days of the quarter. We'll multiply that rate by the number of days before you terminate our service to determine the amount of your refund.

**Financial Planning & Consulting:**

We charge on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees are \$250 and our flat fees range from \$1,000 to \$10,000.

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

**Hourly Fees:** Our hourly fees are negotiable, and will not exceed \$500. Projects spanning more than three months will be billed quarterly. The items addressed in a modular plan or general consulting services may include one or more of the services listed above. The amount of time spent will depend on the complexity of the request and all services will be completed within six months. The total number of hours will be estimated prior to the engagement and will be specified in our firm's

Financial Planning & Consulting Agreement for hourly services. The client will be invoiced directly for hourly fees.

- **Example:** A client meets with our firm to discuss basic financial consulting issues and seeks general investment advice relating to broad issues such as retirement planning and education planning. The meeting lasts 2 hours and follow up research takes 2 hours. At \$350 per hour, the client would be charged a \$700 retainer at the time of the initial meeting (350 x 2 hours) and an additional \$700 upon completion of the engagement (\$350 x 2 hours). Our firm will perform all financial consulting work before six months expire.

**Fixed Fees:** Our fixed fees are negotiable, and will not exceed \$3000. Depending on circumstances, fees for Financial Planning & Consulting Services are offered to clients for small consulting projects or as part of an annual retainer program. Such services include any combination of the above-listed services, periodic reviews, revisions/updates to the financial plan, and day-to-day consulting as required. Fixed fees may require 50% as the initial retainer and the balance due upon completion.

- **Example:** A client with limited financial investing history and modest assets who contracts with our firm for a single service listed above would be charged a fee of \$250, because of limited document review and fewer consulting options. A client with maximum complexity who contracted Bridgewater Asset Management LLC for all services listed above which may require forty or more hours of Adviser's time would be charged an annual service fee of \$3,000. Adviser will outline a six-month service plan and charge client 50% as an initial retainer. Adviser's services will be completed within six months

Either party may terminate the Financial Planning & Consulting service at any time by providing written notice. For purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated at our hourly fee currently in effect. You will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm and Planner.

### **Pension Consulting:**

We charge on an hourly or flat fee basis for pension consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees are \$250 and our flat fees range from \$1,000 to \$10,000. Flat fees will be charged annually for ongoing pension consulting services.

The fee-paying arrangements for pension consulting service will be determined on a case-by-case basis and will be detailed in the signed Pension Consulting Agreement. The client will be invoiced directly for the fees.

The Pension Consulting service may be terminated by written notice by either party to the other party. In the event this service is terminated, we will refund the unearned portion of our advisory fee to you. For purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated at our hourly fee currently in effect. The amount will be refunded to your account.

### **LPL Financial Sponsored Advisory Programs:**

The maximum fees for the LPL sponsored advisory programs are as follows:

#### **LPL Sponsored Advisory Program**

#### **Annual Percentage of Assets Charge**

(a) Optimum Market Portfolios Program (OMP)	1.50%
(b) Personal Wealth Portfolios Program (PWP)	2.00%
(c) Model Wealth Portfolios Program (MWP)	2.00%
(d) Manager Access Select Program (MAS)	2.50%*

\*Similar services may be secured from other advisors for less expense.

The fees for LPL's Financial Sponsored Advisory Programs are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. LPL serves as program sponsor, investment adviser and broker-dealer for the LPL advisory programs. Our firm and LPL may share in the account fee and other fees associated with program accounts.

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Management fees will be deducted from the client's managed account, upon a signed Account Application Form. The ultimate management fee is indicated on the Account Application Form. Our firm does not have the authority to instruct LPL Financial to change or deduct fees without written client consent. LPL Financial sends a quarterly statement showing all fees deducted from the clients accounts.

### **Conflicts of Interest**

Transactions in LPL advisory program accounts are effected through LPL as the executing broker-dealer. Advisor receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Advisor would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services. In order to mitigate this conflict of interest, we will fulfill our fiduciary duty by acting in the client's best interest.

### **Other Types of Fees & Expenses**

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Non-Wrap fee Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Charles Schwab & Co., Inc. ("Schwab") does not charge transaction fees for U.S. listed equities and exchange traded funds. LPL Financial offers a trading platform with select exchange traded funds ("ETFs") that do not charge transaction fees. The no-transaction-fee ETF trading platform is available to clients participating in LPL Financial's Strategic Wealth Management ("SWM") and Strategic Asset Management ("SAM") programs. Clients will be subject to transaction fees charged by LPL Financial for ETFs not included in LPL Financial's platform and for other types of securities. The limited number of ETFs available on LPL Financial's no-transaction fee platform may have higher overall expenses than other types of securities and ETFs not included in the platform. Other major custodians have eliminated transaction fees for all ETFs and U.S. listed equities, so clients may pay more for investing in the same securities at LPL Financial.

Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Wrap fee clients will receive our Form ADV, Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”). Wrap fee clients will not incur transaction costs for trades. More information about this is disclosed in our separate Wrap Fee Program Brochure.

### **Commissionable Securities Sales**

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In order to sell securities for a commission, our supervised persons are registered representatives of LPL, member FINRA/SIPC. Our supervised persons may accept compensation for the sale of securities or other investment products, including distribution or service (“trail”) fees from the sale of mutual funds. You should be aware that the practice of accepting commissions for the sale of securities:

1. Presents a conflict of interest and gives our firm and/or our supervised persons an incentive to recommend investment products based on the compensation received, rather than on your needs. We address commissionable sales conflicts that arise:
  - a. when explaining to clients that commissionable securities sales creates an incentive to recommend products based on the compensation we and/or our supervised persons may earn;
  - b. when recommending commissionable mutual funds, explaining that “no-load” funds are also available.
2. In no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us. As a fiduciary, we put our client’s interests ahead of our own.

### **Termination & Refunds**

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In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

## **Item 6: Performance-Based Fees & Side-By-Side Management**

Our firm does not charge performance-based fees.

## **Item 7: Types of Clients & Account Requirements**

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations; and
- Pension and Profit Sharing Plans.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We require a minimum household balance of \$100,000 for our Asset Management service. This minimum account balance requirement may be negotiable.
- We charge a minimum fee of \$1,000 for Financial Planning & Consulting and Pension Consulting.
- A minimum account value of \$15,000 is required for Optimum Market Portfolios Program (OMP).
- A minimum account value of \$250,000 is required for Personal Wealth Portfolios Program (PWP).
- A minimum account value of \$50,000 is required for Model Wealth Portfolios Program (MWP).
- A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

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

### Methods of Analysis

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We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Charting.** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Cyclical Analysis.** In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

### Investment Strategies We Use:

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We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

**Strategic Asset Allocation.** The Strategic asset allocation models are geared more for long term growth, but still have variations from the benchmark indexes. Variations will be driven by our long-term views on the market and our assessment of how the market is assessing potential downside risks as well as upside potential. The Strategic portfolios seek to capitalize on secular, as opposed to cyclical, investment opportunities and attempt to achieve their objectives over a three- to five-year period.

**Tactical Asset Allocation.** Tactical asset allocation model portfolios seek to maximize excess returns over a shorter time horizon than other portfolios we manage. This portfolio is structured for more active management, and may be preferable for investors who place a greater value on excess returns, and are willing to accept higher volatility. We may implement a wide variety of investment products in order to seek a profit in up or down markets. These may include different investment vehicle types, such as mutual funds and exchange-traded products (exchange-traded funds, exchange-traded notes, and closed-end funds) that will provide exposure to the most attractive sectors of the market. Since this portfolio seeks to capitalize on movements in the market, the Tactical portfolio is frequently traded in order to incorporate strategies that may present greater capital appreciation opportunities based on shorter time horizons and near-term catalysts.

**Long-term purchases.** When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. We employ this sub-strategy when we believe the securities to be well valued and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.

**Short-term purchases.** When utilizing this strategy, we may also purchase securities with the idea of selling them within a relatively short time (a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Option Writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. The two types of options are calls and puts. A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires. A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This

effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

### **Risk of Loss**

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Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk. Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

### **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

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

Representatives of our firm are registered representatives of LPL, member FINRA/SIPC and licensed to sell insurance products. They may offer securities or products and receive normal and customary commissions as a result of securities transactions. A conflict of interest arises as these commissionable securities sales create an incentive to recommend products based on the compensation. In order to mitigate this conflict of interest, we fulfill our fiduciary duty by putting our client's interests ahead of our own.

Neither the Company nor any of our management persons (except as disclosed above) are registered, or have an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or as an associated person of the foregoing entities.

In addition, neither the Company nor any of our management persons have any relationship or arrangement that is material to our advisory business or to our clients that we or any of our management persons have with any related person that is, under common control and ownership, a:

- Municipal securities dealer, or government securities dealer or broker,
- Investment company or other pooled investment vehicle,
- Other investment adviser or financial planner,
- Futures commission merchant (or commodity pool operator or commodity trading advisor),
- Banking or thrift institution,
- Accountant or accounting firm,
- Lawyer or law firm,
- Insurance company or agency,
- Pension consultant, or



- Real estate broker or dealer or
- Sponsor or syndicator of limited partnerships.

We do not receive compensation directly or indirectly from other investment advisers nor have other business relationships with other investment advisers for whom we have referred our clients.

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

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to mitigate conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is held by law to a fiduciary standard. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a

<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.



copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 24 hours prior to buying or selling for our clients.

## Item 12: Brokerage Practices

### Custodian & Brokers Used

#### Charles Schwab & Co., Inc.

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Our firm does not maintain custody of client assets (although our firm may be deemed to have custody of client assets if give the authority to withdraw assets from client accounts. See *Item 15 Custody*, below). Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. Our firm recommends that clients use the Schwab Advisor Services division of Charles Schwab & Co. Inc. (“Schwab”), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. Our firm is independently owned and operated, and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use Schwab as custodian/broker, clients will decide whether to do so and open an account with Schwab by entering into an account agreement directly with them. Our firm does not open the account. Even though the account is maintained at Schwab, our firm can still use other brokers to execute trades, as described in the next paragraph.

### How Brokers/Custodians Are Selected

Our firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. A wide range of factors are considered, including, but not limited to:

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

### Custody & Brokerage Costs

Schwab generally does not charge a separate for custody services, but is compensated by charging commissions or other fees to clients on trades that are executed or that settle into the Schwab account. In addition to commissions, Schwab charges a flat dollar amount as a “prime broker” or

“trade away” fee for each trade that our firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize client trading costs, our firm has Schwab execute most trades for the accounts.

## **Products & Services Available from Schwab**

Schwab Advisor Services is Schwab’s business serving independent investment advisory firms like our firm. They provide our firm and clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge to our firm. The availability of Schwab’s products and services is not based on the provision of particular investment advice, such as purchasing particular securities for clients. Here is a more detailed description of Schwab’s support services:

### **Services that Benefit Clients**

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which our firm might not otherwise have access or that would require a significantly higher minimum initial investment by firm clients. Schwab’s services described in this paragraph generally benefit clients and their accounts.

### **Services that May Not Directly Benefit Clients**

Schwab also makes available other products and services that benefit our firm but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include investment research, both Schwab’s and that of third parties. This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients’ accounts; and
- assists with back-office functions, recordkeeping and client reporting.

### **Services that Generally Benefit Only Our Firm**

Schwab also offers other services intended to help manage and further develop our business enterprise. These services include:

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

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to our firm. Schwab may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide our firm with other benefits, such as occasional business entertainment for our personnel.

Irrespective of direct or indirect benefits to our client through Schwab, our firm strives to enhance the client experience, help clients reach their goals and put client interests before that of our firm or associated persons.

### **Our Interest in Schwab's Services.**

The availability of these services from Schwab benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for these services, and they are not contingent upon committing any specific amount of business to Schwab in trading commissions or assets in custody.

In light of our arrangements with Schwab, a conflict of interest exists as our firm may have incentive to require that clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our firm rather than based on client interest in receiving the best value in custody services and the most favorable execution of transactions. As part of our fiduciary duty to our clients, our firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of Schwab as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend Schwab and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek 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 responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our firm believes that the selection of Schwab as a custodian and broker is the best interest of our clients. It is primarily supported by the scope, quality and price of Schwab's services, and not Schwab's services that only benefit our firm.

### **LPL Financial**

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Our firm recommends that Clients establish accounts with LPL Financial ("LPL"), member FINRA/SIPC, to maintain custody of clients' assets and to effect trades for their accounts. LPL provides brokerage and custodial services to independent investment advisory firms, including our firm. For accounts custodied at LPL, LPL is generally compensated by clients through commissions, trails, or other transaction-based fees for trades that are executed through LPL or that settle into LPL accounts. For IRA accounts, LPL generally charges account maintenance fees. In addition, LPL also charges clients miscellaneous fees and charges, such as account transfer fees.

While LPL does not participate in, or influence the formulation of, the investment advice our firm provides, certain supervised persons of our firm are Dually Registered Persons. Dually Registered Persons are restricted by certain Financial Industry Regulatory Authority ("FINRA") rules and

policies from maintaining accounts at another custodian or executing transactions in such accounts through any broker-dealer or custodian that is not approved by LPL. As a result, the use of other trading platforms must be approved by our firm and LPL.

Clients should also be aware that for accounts where LPL serves as the custodian, our firm is limited to offering services and investment vehicles that are approved by LPL, and may be prohibited from offering services and investment vehicles that may be available through other broker-dealers and custodians, some of which may be more suitable for a client's portfolio than the services and investment vehicles offered through LPL. Clients should understand that not all investment advisers require that Clients custody their accounts and trade through specific broker-dealers.

### ***Benefits Received by Our Personnel***

LPL makes available to our firm various products and services designed to assist our firm in managing and administering client accounts. Many of these products and services may be used to service all or a substantial number of accounts, including accounts not held with LPL. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and aggregation and allocation of trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of our firm's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting.

LPL also makes available to our firm other services intended to help manage and further develop our business. Some of these services assist our firm to better monitor and service program accounts maintained at LPL. Many of these services, however, benefit only our firm. These support services and/or products may be provided without cost, at a discount, and/or at a negotiated rate, and include practice management-related publications; consulting services; attendance at conferences and seminars, meetings, and other educational and/or social events; marketing support; and other products and services used by our firm in furtherance of the operation and development of its investment advisory business.

Where such services are provided by a third party vendor, LPL will either make a payment to our firm to cover the cost of such services, reimburse our firm for the cost associated with the services, or pay the third party vendor directly on behalf of our firm.

The products and services described above are provided to our firm as part of its overall relationship with LPL. While as a fiduciary, our firm endeavors to act in its clients' best interests, the receipt of these benefits creates a conflict of interest because our firm's requirement that Clients custody their assets at LPL is based in part on the benefit to our firm of the availability of the foregoing products and services and not solely on the nature, cost or quality of custody or brokerage services provided by LPL. Our firm's receipt of some of these benefits may be based on the amount of advisory assets custodied on the LPL platform.

## **Item 13: Review of Accounts or Financial Plans**

We review accounts on at least a quarterly basis for our clients subscribing to our Asset Management and LPL Sponsored Advisory Programs. The nature of these reviews is to learn whether clients'

accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only Thomas Ross and Rob Balice will conduct reviews. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to our Asset Management service. We do not provide written reports to clients, unless asked to do so.

Pension Consulting clients receive reviews of their pension plans for the duration of the pension consulting service. We also provide ongoing services to Pension Consulting clients where we meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Pension Consulting clients do not receive written or verbal updated reports regarding their pension plans unless they choose to contract with us for ongoing Pension Consulting services.

Financial Planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

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

### **Charles Schwab & Co., Inc.**

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Our firm receives economic benefit from Schwab in the form of the support products and services made available to our firm and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability of Schwab's products and services is not based on our firm giving particular investment advice, such as buying particular securities for our clients.

### **LPL Financial**

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Our firm may receive from LPL or a mutual fund company, without cost and/or at a discount non soft-dollar support services and/or products, to assist us to better monitor and service client accounts maintained at such institutions. Included within the support services our firm may receive investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by us to assist us in our investment advisory business operations. Our clients do not pay more for investment transactions effected and/or assets maintained at LPL as result of this arrangement. There is no commitment made by us to LPL or any other institution as a result of the above arrangement.

In accordance with Rule 206 (4)-1 of the Investment Advisers Act of 1940, our firm does not provide cash or non-cash compensation directly or indirectly to unaffiliated persons for testimonials or endorsements (which include client referrals).

### **Item 15: Custody**

Our firm does not have custody of client funds or securities. All of our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. If our firm decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

### **Item 16: Investment Discretion**

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Should clients grant our firm non-discretionary authority, our firm would be required to obtain the client's permission prior to effecting securities transactions. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

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

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

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

Our firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months. Our firm has never been the subject of a bankruptcy proceeding.