



**Sound Financial Strategies Group,  
LLC**

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**Form ADV Part 2 Brochure**

**April 17, 2024**

**ITEM 1 – Cover Page**

Form ADV Part 2 (“Brochure”) is a very important document between the Clients and Sound Financial Strategies Group, LLC.

***This Brochure provides information about the qualifications and business practices of Sound Financial Strategies Group, LLC. If you have any questions about the contents of this Brochure, please contact Sound Financial Strategies Group, LLC at 601-856-3825. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.***

***Additional information about Sound Financial Strategies Group, LLC is also available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select “investment adviser firm” and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.***

Sound Financial Strategies Group, LLC is a registered investment adviser with the Securities and Exchange Commission. Sound Financial Strategies Group, LLC’s (Sound) registration as an investment adviser does not imply any level of skill or training. The oral and written communication provided, including this Brochure, is information which should be used to evaluate Sound Financial Strategies Group, LLC (and other advisers), which are factors in a decision to hire our firm or to continue to maintain a mutually beneficial relationship.

## **ITEM 2 - Material Changes**

### **What is in this Current Brochure**

This is the Sound Financial Strategies Group, LLC Brochure reflects the following changes from our last annual amendment of March 29, 2024:

- Updated Item 1 – Adress on cover page was updated
- Updated Item 5 – Fees & Compensation

### **Future Filings**

We may at any time, update this Disclosure Brochure and either send a copy or offer to send a copy at no cost, either by electronic means (email) or in hard copy form.

### **How to Obtain a Current Brochure**

If you would like another copy of this Disclosure Brochure, please download it from the SEC's public disclosure website (IARD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), or you may contact Sound Financial Strategies Group, LLC's Compliance Department at 601-856-3825.

# **Sound Financial Strategies Group, LLC**

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## **ITEM 4 – Advisory Business**

Sound Financial Strategies Group LLC (“Sound Financial” and sometimes referred to herein as “us” or “we” or “our” as appropriate) is a SEC registered Investment Advisory firm with the following officers:

Chris McAlpin, MBA, CMFC; Managing Partner

Joel R. Holden, Jr., CFP<sup>®</sup>, Partner/Chief Operating Officer/Chief Compliance Officer

We render investment advisory services for certain individual clients for taxable and tax-exempt accounts. This client base is comprised primarily of families, small business owners, and professionals.

**We do not offer tax or legal advisory services. Clients should seek outside counsel for these services.**

Our services include the following:

*Investment Management* – We offer discretionary investment management services to clients through “Fee-Based Accounts.”

*Investment Discretion.* Generally, we exercise full investment discretion over our clients’ investment management accounts, including through Fee-Based Accounts. However, there are exceptions, and these exceptions will be notated in the clients’ account agreement.

*Types of Accounts.* We offer the following types of investment management accounts described below:

**Fee Based Accounts:** Our Fee-Based Accounts offer clients personalized portfolio management services based on Model Portfolios which we create and manage. We utilize a sub-adviser that is intended to complement our investment style. Together we assist clients with Fee-Based Accounts in selecting appropriate investments, monitoring results and making ongoing investment management changes or adjustments. Our investment advisory services take into account investment performance and any changes to your personal financial circumstances or goals. We maintain a portfolio of mutual funds, exchange-traded funds (“ETFs”), other equity, debt securities, and alternatives for our clients. Our Investment Committee meets periodically to review the currently used portfolios.

Our representatives obtain financial information from clients and assist them in the identification of suitable investment objectives. We base the recommended investment strategy on the client’s specific goals and situation. In addition, we contact our clients periodically, but no less than annually, to review their financial situation and goals. If we recommend an account purchase mutual fund investments through our currently used Model Portfolios, those recommendations will be based on research reports, analysis of mutual fund performance and

managers, and certain computerized and other models for asset allocation. If we recommend the purchase of other securities, our recommendation will be based on our research which includes publicly available research and reports.

We do not provide securities execution, custodial or other administrative services in connection with our Fee-Based Accounts. Instead, these services are provided by one or more third-party custodians. To establish a Fee-Based Account relationship, we will assist clients in designating an appropriate third-party custodian and opening an account with that third-party custodian.

**Insurance** – We may offer our clients various insurance products based on their phase of life or financial planning needs. Our representatives may recommend general types of insurance products (fixed or variable) that are appropriate to the clients' situation.

### **The Assets We Manage**

As of December 31, 2023, we managed approximately \$184,491,963 in assets for clients on a discretionary basis. Sound does not currently manage any assets on a non-discretionary basis.

## **ITEM 5 – Fees and Compensation**

We are compensated in different ways depending on the types of services we provide. In the case of investment management services, typically clients pay fees based on a percentage of the assets managed by us. In some cases, the fees are negotiable, but generally are based on our standard fee schedule.

### **Fees Applicable to Investment Management Accounts**

#### **Fee-Based Accounts**

*Fee Schedule Applicable to Fee-Based Accounts.* The annual investment advisory services fee is calculated as a percentage of assets in the account. The standard fee schedule is as follows:

Client Assets Managed		Annual Fee
The First	\$499,999.99	1.44%
The Next	\$499,999.99	1.38%
The Next	\$499,999.99	0.40%
Above	\$1,500,000	0.30%

Fees are negotiable at our discretion, and any negotiated fee arrangement is notated in the client's agreement. We also reserve the right to "Grandfather" (not increase or decrease) fees applicable to accounts acquired from other advisory firms.

In addition to the fee-based account advisory services, we will enter into certain fixed fee agreements for other services. The fixed fees are negotiable in each case, and the amount of these fees depends on the breadth and the scope of the project a client has engaged us to complete.

#### *Fee Billing*

The initial fee for the first calendar quarter in which a client participates in a Program shall be calculated on a pro-rata basis beginning the day after initial assets are deposited in the Program, and is debited the following month. Fees are subsequently calculated at the beginning of each calendar quarter, based on the fair market value of the portfolio on the last business day of the prior calendar quarter. If an account is opened in the last month of a calendar quarter, fees will be calculated and debited for the remaining period in that calendar quarter, along with fees for the next calendar quarter, on the day after initial assets are deposited. If our relationship with a client terminates and all assets are withdrawn from the Program prior to the end of a quarter, we will issue a refund for the pro-rata portion of the fee owed to the client. If a client deposits assets (cash and securities) with a market value of ten-thousand dollars (\$10,000) or more in an account on any given day after the inception of a calendar quarter, the amount of the deposit will immediately be subject to a pro-rated fee based on the applicable Fee Schedule. Clients shall be entitled to a fee rebate calculated in the same manner if account assets are withdrawn in excess of this amount on any given day.

Fees will be deducted directly from the account. Clients do not have the option of paying fees by check.

Our asset-based fees apply to all assets in the client's account, including assets invested in shares of mutual funds, ETFs, other equity, debt securities, and money market mutual funds (and other cash equivalent investments). Assets invested in mutual funds, ETFs and money market funds (or other cash equivalent investments) also charge their own management fees and are subject to additional fees, charges and expenses.

*Other Fees and Charges.* In addition to the Advisory Fee, Client will incur other fees, charges and expenses from parties unaffiliated with Sound Financial ("Third-Party Charges"). Third-Party Charges will include brokerage commissions, custodial fees, stock transfer fees, transaction fees, charges imposed directly by mutual, index or exchange-traded funds, certain deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other similar charges incurred in connection with transactions for the Account. Third-Party Charges will be paid from the assets in the Account and are in addition to the Advisory Fee. Third-Party Charges are established by the custodian, clearing broker or introducing broker, mutual fund/ETF, or other Third-party vendor, as applicable, and are subject to change.

In addition to Third-party fees established by the custodian, clearing broker or introducing broker, mutual funds and ETF's, most client accounts will incur an additional fee of 30 basis

points per quarter. These 30 basis points are established by Third-party vendors who allow Sound Financial to gain access to trading platforms and investment research that we believe benefits our clients and their accounts. This 30 basis points will be included in the quarterly advisory services fee that you pay Sound Financial, but ultimately the 30 basis points fee will go directly to, or “pass through” to the Third-party vendors. Sound Financial does not collect or benefit from this 30 basis points fee, other than the services provided by the Third-party vendors. Sound Financial is not obligated to give Client notice of changes in any Third-Party Charges. Upon request, Sound Financial will provide Client with any Third-Party Charge schedule applicable to the account.

*Additional Compensation.* Sound Financial and some of its representatives are registered representatives of an unaffiliated broker dealer and receive certain fees and other compensation, which are separate from, and in addition to, the fees charged to your account for investment management services. You are not required to purchase securities through Sound that would result in these fees. However, if you engage Sound to invest on your behalf, Sound’s representatives will do so through it’s the broker dealer and receive these additional fees. Representatives of Sound will also receive 12b-1 fees as a result of investment in certain mutual funds recommended. At the time of investment, they will also receive compensation from the distributor of mutual funds recommended. Our investment advisory services fees are not reduced by the amount of the additional fees and other compensation received by us or our representatives. This presents a conflict of interest and gives us or our representatives an incentive to recommend investment products based on the compensation received, rather than on a client’s needs. Sound attempts to mitigate these risks by reviewing our clients’ holdings on a periodic basis to identify if client mutual fund holdings are available in a lower cost share class. If so, Sound will move the clients’ holdings to the lower cost share class in an attempt to reduce the additional fees associated with the mutual fund paid by the client. It should also be noted that our clients are under no obligation to purchase securities that we recommend which would ultimately earn Sound or our representatives additional compensation. Clients of Sound have the option to purchase these products through other brokers or agents. These transactions would not result in any additional fees paid to Sound.

If you open your Fee-Based Account with securities previously purchased through an introducing broker (broker/dealer) or one of our representatives, you may already have paid a commission on the purchase to the introducing broker or to our representative, or both. Similarly, if you open your Fee-Based Account with cash proceeds from the sale of securities through an introducing broker or our representative, the introducing broker or our representative, or both, may have already received commissions of the sale.

- Some of the mutual funds, ETFs, and similar funds purchased for Fee-Based Accounts may pay financial intermediaries 12b-1 fees and certain other types of fees and compensation. Any 12(b) (1) fees received in connection with the investment of a Fee-Based Account will be credited back to the affected Fee-Based Account. However, other forms of fund-related compensation (for example, shareholder servicing fees, administrative service and similar fees and revenue-sharing or similar compensation paid by the fund’s distributor or adviser/manager) by virtue of investment of the assets of your account in mutual funds, ETFs, or similar funds will be retained.

Clients obtain investment products we recommend for our Fee-Based Accounts through

brokers or custodians not affiliated with us.

*Changes in Our Fee Schedule.* Prior to any increase in Advisory fees applicable to your Fee-Based Account, we will provide you with written notice specifying the effective date of change. The change will take effect automatically on the date specified in the notice, but you may terminate your account by written notice to us within thirty (30) days and a pro-rata refund of any unearned fees will be remitted to you.

We are not obligated to give you notice of changes in any fees or charges of third parties, including the custodian or mutual funds purchased for your account.

*Account Termination.* Either party may terminate the Agreement at any time by giving thirty (30) days' prior written notice to the other party in accordance to the terms indicated in the Client Management Agreement.

### **ITEM 6 – Performance Based Fees and Side-By-Side Management**

Sound does not charge any performance based fees. Advisory fee compensation is charged only as disclosed above. (Fees and Compensation).

### **ITEM 7 – Types of Clients**

We provide services to, among others:

- Individuals
- Small Business Owners
- Trusts, estates and charitable organizations
- Not-for-profit entities

In the case of investment management accounts, the minimum investment portfolio size is \$50,000, but in some cases a client is permitted to aggregate related accounts, or we may be willing to accept a lower minimum. However, we have full discretion to allow or not allow exceptions.

To establish a Fee-Based Account relationship, the Client must designate a third-party custodian, with which Sound Financial has a working relationship. We will assist you with the establishment and opening of this relationship.

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

Investing in securities of any kind involves risk of loss that clients must be aware of and prepared to bear.

To help target clients' specific investment requirements, we use various portfolio enhancement Teams to develop model portfolios. Our portfolio teams use various processes



in constructing and maintaining the model portfolios which consist of (a) strategic asset allocation, (b) tactical model selections, (c) fund selection and implementation, and (d) ongoing monitoring and reallocation within the model portfolios.

### **Investment Strategies**

We and our clients develop a target asset allocation based on the client's individual needs and risk tolerance.

Based on the information concerning the client's individual financial situation and risk tolerance, and our analysis of the other tools and information available to us, we assist the client in determining their investment objectives. When appropriate, we recommend that the client's assets be invested through identified portfolios available under our Fee-Based Account program.

### **Faith-Based Investing**

Faith-Based Investing focuses on companies who demonstrate that their practices do not harm people or the environment. Specifically, Faith-Based Investing focuses on companies or other funds who operate in a manner deemed consistent with traditional Christian values. We choose the companies and funds from a list that is provided by the Biblically Responsible Investing Institute (BRII) and Inspire Insight. BRII and Inspire Insight are responsible for researching and screening available companies and funds against a set of Christian values and deeming whether they are appropriate for Faith-Based Investing.

There is no assurance that Faith-Based Investing can be an effective strategy under all market conditions. Different investment styles tend to shift in and out of favor. In addition, a strategy's Faith-based policies could cause it to forgo opportunities to gain exposure to certain industries, companies, sectors, or regions of the economy which could cause it to underperform similar portfolios that do not have a similar policy. Sound clients may choose other strategies other than the Faith-Based Investing strategy.

### **Risk of Loss**

All investments in securities include a risk of loss of a client's principal (invested amount) and any profits not realized (the securities were not sold to "lock in" the profit). Stock markets and bond markets fluctuate substantially over time. In addition, performance of any investment is not guaranteed. As a result, there is a risk of loss of the managed assets.

Our investment approach takes into consideration the potential risk of loss and seeks to match the investment strategy employed for the client with their tolerance for potential fluctuations in markets and incurring losses. There is no guarantee that our investment strategies will meet the client's objectives or, in any event, protect their assets from the potential for losses. Depending on the types of securities a client invests in, they may face the investment risks described below:

- Stock market risk

- Interest rate risk
- Below investment grade risk, i.e. “junk bonds”
- Emerging market risk/currency fluctuation risk.
- Small-cap and micro-cap stock risk. Small companies have a higher risk of failure and can incur additional market volatility.
- Liquidity risk, such as in real estate investments.
- International policy and political risk, such as fluctuations in commodities.

A risk of investing in a Sound portfolio with a sub-adviser selected by Sound is that the sub-adviser may not meet the risk and return objectives, resulting in a portfolio with differing risk and return characteristic expectations. However, Sound Financial does perform periodic reviews to ensure the sub-adviser(s) continue to meet our expectations for our clients.

### **Selected Information Regarding Fund Investments**

Below is a brief description of the characteristics of mutual funds, ETFs and money market mutual funds. In the case of both mutual funds and ETFs, investment returns will fluctuate and are subject to market volatility, so that an investor’s shares, when redeemed or sold, may be worth more or less than their original cost.

### **Past performance is no guarantee of future results.**

It also should be noted that:

- Equity-based funds are subject to risks similar to those of stocks.
- Fixed-income mutual funds are subject to risks similar to those of bonds, but also are subject to certain risks similar to those of publicly-traded equity securities. Fixed income risks include credit risk, interest rate risk and prepayment risk.
- Mutual funds that invest in foreign (non-U.S.) securities have unique and greater risks than mutual funds that invest only in U.S. domestic securities.

*Mutual Funds.* Mutual funds are investment companies that are registered under the Investment Company Act of 1940. Typically, mutual funds are managed by investment advisers who research, select and monitor the securities held in the fund. Mutual funds sell and redeem their shares at net asset value (NAV).

*ETFs:* ETFs are investment companies that are registered under the Investment Company Act of 1940 and typically have the flexibility of intraday trading. Typically, ETFs are passively managed and track specific domestic or foreign market indices, and may provide investors with diversification, certain tax and cost efficiencies and liquidity. Generally, ETF shares trade between investors like a publicly traded stock. Because ETF shares are traded on an on-going basis, the market determines prices and investors can buy and sell shares at any time that the markets are open. Since ETFs are priced continuously by the market, there is a potential for trading to occur at prices other than the NAV.

An index-based ETF seeks to track the performance of its corresponding index. Tracking is achieved by some ETFs by replicating the securities in the index and by other ETFs by holding a representative sample of the securities in the index. Normally, the expenses of an ETF are lower than the expenses of actively managed mutual funds because actively managed mutual funds will have higher management fees and brokerage costs. However, investors who buy and sell ETF shares in the secondary market generally pay brokerage commissions in connection with those transactions.

*Money Market Mutual Funds.* Money market mutual funds are investment companies that are registered under the Investment Company Act of 1940, which, like other mutual funds, are managed by investment advisers that select and monitor the securities held in the fund and sell and redeem their shares at NAV.

*An investment in a money market mutual fund is not insured or guaranteed by the United States Government, the Federal Deposit Insurance Corporation or any other governmental agency. Money market mutual funds seek to maintain the value of investments made in the funds at \$1.00 per share; however, it is possible to lose money by investing in a money market mutual fund.*

### **ITEM 9 – Disciplinary Information**

There are no legal or disciplinary events for the firm, Sound Financial Strategies Group, LLC.

In circumstances of business; certain members of Sound Financial’s management team have been named in disciplinary and legal action in connection with their investment management services. Disciplinary actions which occurred over ten (10) years prior are exempted from disclosure documents requirements. Additionally, any event or proceeding where the adviser is registered or applying for registration with the SEC and the event was resolved in the adviser's or favor are not required to be disclosed. Therefore, Clients are encouraged to have conversations with their investment advisor about disciplinary events, whether doing business with Sound Financial or any investment advisor.

A member of Sound Financial’s management was named as a party to a lawsuit in connection with a client beneficiary change. Although there can be no assurances of the outcome of any such legal action, Sound Financial does not believe the pending litigation to which he is a party is material or otherwise would have a material adverse effect on our Firm or our Clients.

### **ITEM 10 – Other Financial Industry Activities and Affiliations**

#### **Insurance and Securities Activities**

In some cases, our investment adviser representatives also represent our affiliates or third parties as insurance agents or broker-dealer representatives, or both. Our affiliate, Sound Financial Strategies Group Insurance, LLC (“SFSGI”) provides insurance products to our clients and receives direct compensation from the carrier depending on the product sold to the client.

SFSGI also receives direct and indirect compensation in the form of marketing and operational support from a third party when our clients purchase insurance or annuity products that we recommend to our advisory clients. This creates a conflict of interest because we have an incentive to recommend products from a carrier on the third party platform. Sound Financial does not charge investment advisory fees on the insurance or annuity products whether they are sold through the party or our affiliate SFSGI.

Some of our investment adviser representatives and other employees also sell insurance products and, represent one or more unaffiliated insurance product providers. In addition, certain representatives are licensed to sell products of life insurance companies based upon the needs of our clients.

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

As required by law, we have adopted a Code of Ethics establishing policies and procedures to handle potential conflicts of interest that may arise from providing advisory services. Our Code of Ethics recognizes we are a fiduciary and the Code is designed so we may meet our fiduciary obligation by setting forth standards of conduct for our officers and employees and requiring compliance with federal securities laws, and is based upon the principle that we and our employees owe this duty to our clients to conduct their affairs in such a manner as to avoid 1) serving our own personal interests ahead of clients' interests, 2) taking inappropriate advantage of our position, and 3) any actual or potential conflicts of interest or any abuse of our position of trust and responsibility.

Our Code of Ethics:

- Requires that we maintain the confidentiality of your information;
- Prohibits:
  - Insider trading (if we are in possession of material, non-public information);
  - Rumor mongering;
  - The acceptance of gifts and entertainment that exceed our policy standards;
- Requires the reporting of gifts and business entertainment by our employees;
- Requires that our employees report (on an on-going and quarterly basis) all of their personal securities transactions (what we call “reportable securities” as mandated by regulation), which are monitored by the CCO; and,
- Requires that all employees certify to our Code of Ethics and identify any account(s) to which they have a beneficial ownership (that is, they “own” the account or have “authority” over the account), and identify securities held in certificate form and all securities.

Also, our Code of Ethics also provides that no employee may trade securities, either personally or on behalf of others, while in possession of material, non-public information with respect to any such securities, or may communicate material, non-public information to others, other than as required and allowed by the Code of Ethics.

Our management may impose a number of sanctions which it feels is most appropriate for

violations of the Code of Ethics.

To receive a copy of our Code of Ethics call us at (601)856-3825.

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

We maintain policies and procedures for ensuring that any material, non-public information regarding publicly traded securities that we or our employees may obtain, including by virtue of relationships to any issuer we may have with us or our affiliates is not misused in violation of applicable law.

Aspects of Sound Financial's personal trading policy include:

- All employees are required to provide duplicate account statements to our Compliance Department;
- No employee may engage in the activities of day trading. Day trading is the practice of buying and selling a stock within the same day.
- Pre-clearance is required for the purchase or sell of any initial public offering or limited offering (i.e., private placement)
- Our employees are allowed to purchase or sell similar securities to those purchased and sold for client accounts. However, all employees are subject to restrictions and monitoring intended to allow reasonable long-term investing yet prevent short-term trading or the ability to trade in a way related to our client's trading.

### **ITEM 12 - Brokerage Practices**

#### **Broker Selection and Trade Allocation**

We will arrange for the execution of securities transactions for client accounts through brokers or dealers that we reasonably believe will provide best execution. In selecting a broker or dealer, we will consider, among other things, the broker or dealer's execution capabilities, the reputation of the broker or dealer and the broker or dealer's access to the markets for the securities being traded. Generally, we will seek competitive commission rates, but will not necessarily attempt to obtain the lowest possible commission for transactions for the account.

Our decisions to recommend, purchase, sell or hold securities for our client accounts are based on the specific investment objectives, guidelines, restrictions and circumstances of each account. We attempt to allocate, to the extent operationally and otherwise practical, investment opportunities to each client over a period of time on a fair and equitable basis relative to our other clients.

*Trading Procedures Applicable to Separately Managed Accounts.* We employ the following trading procedures in connection with Separately Managed Accounts:

- We may allocate investment opportunities based on numerous considerations, including

cash availability and/or liquidity requirements, the time competing accounts have had funds available for investment or have had investments available for sale, investment objectives and restrictions, an account's participation in other opportunities, tax considerations, and relative size of portfolio holdings of the same or comparable securities.

- When we believe it is desirable, appropriate and feasible to purchase or sell the same security for a number of our advisory clients at the same time, when possible, we aggregate clients' orders in a way that seeks to obtain more favorable executions, in terms of the price at which the security is purchased or sold and the efficiency of the processing of the transactions.
- Trades are placed for clients whose assets are held at the custodian(s) on an average price basis. When it is not possible to process the trade on an average price basis, trades are handled on a rotating basis.
- Although we will place aggregated trades on an average price or rotating basis as described above, there is no assurance that the actual execution of the aggregated trades by the various custodians will occur in the manner established by us.
- Once an aggregated trade is completed for clients holding assets at a particular custodian, the trade is then allocated accordingly to accounts. The trade allocation process takes place on as timely a basis as possible, i.e. as an order is completed in full, or, in the case of a partially executed aggregated order, at the market's close when the average price can be calculated.
- If the aggregated order is not fully executed by the end of the trading day, allocation of the partially filled order will be completed on a pro-rata basis. Any deviation from the process will be performed only if all client accounts receive fair and equitable treatment and the reason for the different allocation is documented in writing no later than on the trading day following the day the order is executed or as soon as practicable.

Securities for aggregated orders will be deposited with the custodian of clients who participate in the aggregated order. We will not receive any additional compensation or remuneration.

### **Client-Directed Brokerage**

We maintain the authority to determine the broker or dealer to be used in making trades in discretionary client accounts. By selecting a Fee-Based Account, you direct that all securities trading will be through the designated custodian and, if applicable, the introducing broker. Generally, Sound will utilize the brokerage services of the custodian where the client account is held. Sound does not typically accept Clients who direct the Firm to use a particular broker other than those already used by the Firm. Commissions or transaction charges will vary depending which custodian's brokerage services are used and may not be the lowest available.

### **Non-Discretionary Accounts**

In the case of accounts over which we do not exercise investment discretion, trades for the client's account may not be made at the same time as aggregated trades for the client's discretionary accounts and, as a result, may not be made at the same price as our discretionary accounts.

## **ITEM 13 – Review of Accounts**

### **Account Review Procedures**

#### **Fee-Based Accounts**

We review our fee-based accounts at least annually. The annual review is used to determine whether the investment approach and asset mix being used is consistent with the client's investment objectives, risk tolerance, cash flow needs, and any other special guidelines that may impact the client's investment allocations. We also perform reviews of fee-based accounts in-between scheduled annual reviews when significant changes in the market occur or are anticipated or if we become aware of significant changes in the client's circumstances.

As part of our annual account review process, we contact our fee-based clients to obtain updated information from the client and to discuss any changes in investment approach deemed appropriate, taking into consideration any changes in the client's circumstances.

### **Reports Provided to Clients**

*Fee-Based Accounts.* Clients will receive periodic statements from their designated custodian showing all transactions occurring in their account during the period covered by the account statement, including any fees paid by the account during the period, and a list identifying all assets in the account at the end of the period. Clients will receive these periodic statements no less than on a quarterly basis.

The statement from the custodian is the principal statement of the account's position. If the Client does not receive the custodian's statement at least quarterly, they should notify the custodian and us.

## **ITEM 14 – Other Compensation**

Please refer to Item 10 above for other compensation disclosure related to our affiliate insurance group.

## **ITEM 15 – Custody**

Under the SEC's rules, an investment adviser who has the authority to deduct, or to cause the account custodian to deduct, the investment adviser's fee may be deemed to have custody of the account for certain purposes. We have the authority to calculate our applicable Advisory fees and to instruct the account's custodian to deduct our Advisory fees from the Client's account and to



remit the fees to us. As a result, we may be deemed to have custody of the Client's accounts assets under the SEC's investment adviser custody rule (Rule 206(4)-2). Rule 206(4)-2 requires that we maintain the assets of our investment management clients with one or more "qualified custodians." Clients will direct that the assets of their investment management accounts be held by a third-party qualified custodian.

### **ITEM 16 – Investment Discretion**

Generally, we accept full investment discretion over our clients' investment management accounts, including for Fee-Based Accounts and Separately Managed Accounts.

Our discretionary investment management clients are permitted to impose reasonable restrictions on securities, industries and sectors by providing us with written instructions at the time their advisory accounts are opened or at any time thereafter. We may reject the imposition of restrictions to the extent the restrictions are inconsistent with the types of portfolios or services we provide.

- If we do not exercise investment discretion, either the client or a third party designated by the client, will have full responsibility for investment decisions.
- Cash in the client's account may be invested in money market funds until such time as the client provides us with direction as to the investment of the assets. The client may withdraw or pledge account assets at any time. Depending on the timing of the withdrawal, the client may lose money.

### **ITEM 17 – Voting Client Securities**

We recognize that proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken. We do not take on this level of discretion. Clients should vote their own proxies.

### **ITEM 18 – Financial Information**

We do not serve as a custodian of client funds or securities, and do not require prepayment of fees of more than \$1,200 per client, and six months or more in advance. Accordingly, a balance sheet is not required to be provided with this Disclosure Brochure.

We do not have any financial impairment that will preclude us from meeting our contractual commitments to clients. We have not been the subject of any bankruptcy petition at any time, including any time during the past ten years.