

# Strategis Financial Group, Inc.

SEC File Number: 801 – 36025

## **Brochure Dated 9/23/2011**

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**This brochure provides information about the qualifications and business practices of Strategis Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at (801) 373-1100 or [richard@strategisfinancial.com](mailto:richard@strategisfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Strategis Financial Group, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Strategis Financial Group, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

There have been no material changes made to Strategis Financial Group, Inc.'s disclosure statement since last year's Annual Amendment filing on September 23, 2010.

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#### Item 4            **Advisory Business**

- A. Strategis Financial Group, Inc. (the “Registrant”) is a corporation formed on December 18, 1989 in the State of Utah. The Registrant became registered as an Investment Adviser Firm in February 1990. The Registrant is principally owned by Mark T. Sumsion, Scott H. Garbutt and Clint D. Wyckoff. Mr. Sumsion is the Registrant’s President.
  
- B. As discussed below, the Registrant offers to its clients (individuals, pension and profit sharing plans, business entities and trusts, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee* basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management between 1.00% and 2.50%.

Registrant's annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Registrant’s planning and consulting fees are negotiable, but generally range from \$750 to \$1,500 on a fixed fee basis, and from \$75 to \$150 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including the Registrant’s representatives in their individual capacities as registered representatives of a broker-dealer and/or licensed insurance agents. (**See** disclosure at Item 10 C.1 and 10 C.8). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client’s responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for

the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

## MISCELLANEOUS

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, the Registrant *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an attorney or accountant, and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of the Registrant in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Independent Managers.** The Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

**Other Business Activities.** Registrant maintains a market blog websites under the name MarketOwl.com and DentalDollars.net.

**Trade Error Policy.** Registrant shall reimburse accounts for losses resulting from the Registrant's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within the Registrant's custodian firm account and Registrant retains the net gains and losses.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant’s written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning Agreement*.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client’s investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant’s services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of June 30, 2011 the Registrant had \$26,132,055.56 in assets under management on a discretionary basis and \$20,592,382.36 in assets under management on a non-discretionary basis.

**Item 5 Fees and Compensation**

- A. The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee* basis.

**INVESTMENT ADVISORY SERVICES**

If a client determines to engage the Registrant to provide discretionary investment advisory services on a *fee* basis, the Registrant’s annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant’s management (between 1.00% and 2.50%) as follows:

Assets	Portion of Assets in the Tier	Tiered Annual Fee
\$0 - \$99,999	First \$99,999 of the account	2.50%
\$100,000 - \$299,999	Next \$200,000 of the account	2.00%
\$300,000 - \$499,999	Next \$200,000 of the account	1.75%
\$500,000 - \$749,999	Next \$250,000 of the account	1.50%
\$750,000 - \$999,999	Next \$250,000 of the account	1.25%
\$1,000,000 +	Flat 1% on entire account	1.00%

**FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant’s planning and consulting fees are negotiable, but generally range from \$750 to \$1,500 on a fixed fee basis, and from \$75 to \$150 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter. For certain smaller accounts, Registrant's fee shall be paid semi-annually, in advance, based upon the market value of the assets on the last day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that various broker-dealer/custodians or the specified mutual fund or insurance company that issued the mutual fund or variable life/annuity product serve as the broker-dealer/custodian for client investment management assets. Broker-dealers charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. For certain smaller accounts, Registrant's fee shall be paid semi-annually, in advance, based upon the market value of the assets on the last day of the previous quarter. The Registrant generally requires a \$50,000 minimum asset level for investment advisory services, except for a \$25,000 minimum asset level for variable qualified accounts. The Registrant, in its sole discretion, may reduce or waive its minimum asset requirement based upon certain criteria (i.e. client, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, or a pre-existing or future client of Registrant's representatives, who were previously charged, or will be charged a commission for the purchase of certain investment products through Registrant's representatives in their individual capacities as registered representatives of *Liberty Partners Financial Services, LLC*, see discussion below).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage certain of Registrant's representatives, in their individual capacities, as registered representatives of Liberty Partners Financial Services, LLC ("*Liberty*"), an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through *Liberty*, *Liberty* will charge brokerage commissions to effect securities transactions, a portion of which commissions *Liberty* shall pay to Registrant's

representatives, as applicable. The brokerage commissions charged by *Liberty* may be higher or lower than those charged by other broker-dealers. In addition, *Liberty*, as well as Registrant's Representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment (as well as trailing commissions for variable insurance products).

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *Liberty* presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. **The Registrant's Chief Compliance Officer, Richard P. Reid, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
2. **Please Note:** Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services. **However,** a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives, in their individual capacities as registered representatives of *Liberty*, on a separate commission basis.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## **Item 7      Types of Clients**

The Registrant's clients shall generally include individuals, pension and profit sharing plans, business entities and trusts. The Registrant generally requires a \$50,000 minimum asset level for investment advisory services, except for a \$25,000 minimum for variable qualified accounts. The Registrant, in its sole discretion, may reduce or waive its minimum asset requirement based upon certain criteria (i.e. client, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, or a pre-existing or future client of Registrant's representatives, who were previously charged, or will be charged a

commission for the purchase of certain investment products through Registrant's representatives in their individual capacities as registered representatives of *Liberty*).

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

- A. The Registrant may utilize the following methods of security analysis:
- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
  - Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
  - Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30)

day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, the Registrant may also implement and/or recommend short selling, a strategy that has a high level of inherent risk. (*See* discussion below).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

- C. Currently, the Registrant primarily allocates client investment assets among various mutual funds (or mutual fund subdivisions within a variable annuity or life product owned by the client), exchange traded funds (“ETFs”) and individual equities (stocks), on a discretionary basis, in accordance with Registrant’s asset allocation programs.

### **Registrant’s Investment Strategies**

#### **RETIREMENT FREEDOM STRATEGY:**

This strategy invests in government bond funds, high-yield bonds funds, and/or money market funds. It attempts to take advantage of an inverse correlation between government bonds and high-yield bonds.

#### **GLOBAL TACTICAL ALLOCATION STRATEGY:**

This strategy is designed to take advantage of diverse investment relationships that exist in the economy. The strategy invests in ETFs or mutual funds in primary asset categories including: domestic equities, international equities, domestic bonds, international bonds, real estate, precious metals and cash. Assets may be moved to a money market fund when market conditions warrant such a position.

#### **QUANTITATIVE EQUITY STRATEGY:**

The strategy selects from among a dynamic group of more than 500 U.S. stocks. In general, stocks considered for purchase must meet parameters such as having a share value of at least \$10 and a trading volume of at least 1 million shares per day. This is a growth strategy with the potential for significant draw downs. It should only be considered by investors who have a high tolerance for market risk.

#### **FOCUS GROWTH STRATEGY:**

This strategy holds one position in a single ETF representing an asset class. These may include: U.S. equities, U.S. bonds, foreign equities, precious metals, and real estate. Assets may be moved to a money market fund when market conditions warrant such a position. This is a growth strategy with potential for significant draw downs.

**FOUNDATION STRATEGY:**

This strategy will invest in high quality mutual funds, generally ranked as four-star or better by Morningstar. Although the strategy is actively managed using a variety of technical and cyclical tools, trading is infrequent and the strategy attempts to remain fully invested. During periods when market risk is perceived to be excessive, however, some or all of the assets may be moved to a money market fund until market conditions improve. Short funds can be used to hedge long positions or in an attempt to profit from periods of market weakness.

**INTERNATIONAL CURRENCY GROWTH STRATEGY:**

This strategy is designed to take advantage of the price variations in international currencies. The objective is to allocate assets to one or two currency ETFs at any given time. During periods of weakness in the international currency markets, a portion or all of the assets may be moved to a money market fund when conditions warrant such a position. This investment strategy is designed for aggressive capital growth. Because this strategy seeks maximum returns, diversification may be limited and there is substantial market risk. Because of these factors, this strategy is suitable only for aggressive investors who are prepared to withstand draw downs in an effort to earn larger returns. Funds selected may have volatility equal to or greater than that of the S&P 500 index.

**PRIME TIME BASIC STRATEGY:**

The Prime Time Basic Strategy strives for income by focusing on stocks or other types of equities that have a history of making regular dividend or coupon payments. The strategy is still subject to market volatility and risk, although efforts are made to manage risk through diversification and by avoiding investments with high volatility levels. The strategy also seeks to lower risk by purchasing high quality income-paying securities when their shares might be undervalued and by selling them when their shares could be overvalued.

The strategy will generally seek positions with daily trading volumes in excess of 500,000 shares. A portion or all of the assets may be moved to a money market fund when market conditions warrant such a position. This strategy is best suited for investors who are prepared to hold their positions for considerable periods of time in an effort to earn consistent income.

**PRIME TIME OPPORTUNITIES STRATEGY:**

This strategy focuses on finding fundamental value, but it also employs a timing strategy in an attempt to enhance/maximize the performance of the strategy.

This strategy is appropriate for investors with an aggressive risk tolerance. Because this is an aggressive strategy, investors who select this strategy should be able to withstand draw downs in order to achieve higher returns.

Positions will be selected from stocks and ETFs that generally have daily trading volumes in excess of 500,000 shares.

A portion or all of the assets may be moved to a money market fund when market conditions warrant such a position. Assets can also be moved to short positions to attempt

to take advantage of periods of market or sector weaknesses. Because this strategy seeks maximum returns, diversification may be limited. Positions selected may have volatility greater than that of the S&P 500 index. Investors must understand that high volatility and risk are inherent in strategies that seek a high return.

**LUNT CAPITAL MANAGEMENT, INC.:**

Strategis offers several portfolios managed by Lunt Capital Management, Inc. 215 South State Street, Ste. 100, Salt Lake City, UT 84111. Information about specific offerings is available at: [www.luntcapital.com](http://www.luntcapital.com).

**VARIABLE ANNUITIES AND/OR VARIABLE UNIVERSAL LIFE PRODUCTS**

Whenever possible, Registrant attempts to apply the same methodologies and philosophies as with its managed fund accounts. However, sub-accounts available within a particular variable annuity/life product and trading restrictions often inhibit complete implementation. Risk is also influenced by the sub-accounts available in a particular annuity/life product. Some annuities have more aggressive sub-account options.

Clients may choose to maintain their assets outside the Registrant's allocations and may specify that all or part be directed to specific strategies; however, Registrant discourages this because of the potential for increased risk.

Registrant's proprietary programs have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is specifically applicable to Registrant's management of client assets:

1. **Initial Interview** – at the opening of the account, the Registrant, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. **Individual Treatment** – the client's account is managed on the basis of the client's financial situation and investment objectives;
3. **Quarterly Notice** – at least quarterly the Registrant shall notify the client to advise the Registrant whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of his/her/its account;
4. **Annual Contact** – at least annually, the Registrant shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of his/her/its account.
5. **Consultation Available** – the Registrant shall be reasonably available to consult with the client relative to the status of the client's account;
6. **Quarterly Statement** – the client shall be provided with a quarterly report for the account for the preceding period;
7. **Ability to Impose Restrictions** – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the Registrant not to purchase certain mutual funds;
8. **No Pooling** – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the client's account;

9. **Separate Account** - a separate account is maintained for the client with the Custodian; and

10. **Ownership** – each client retains indicia of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Registrant's annual investment management fee may be higher or lower than that charged by other investment advisers offering similar services/programs. Registrant's investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

## Item 9      **Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

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

- A. **Registered Representative of Liberty Partners Financial Services, LLC.** As disclosed above in Item 5.E, certain of Registrant's representatives are also registered representatives of *Liberty Partners Financial Services, LLC*, an SEC registered and FINRA member broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C.
1. **Registered Representatives of Broker-Dealer.** As disclosed above in Item 5.E, certain of Registrant's representatives are registered representatives of *Liberty*, an SEC registered and FINRA member broker-dealer. Clients can choose to engage Registrant's representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.
    - **Conflict of Interest:** The recommendation by certain of Registrant's representatives that a client purchase a securities commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. Clients are reminded that they may purchase securities products recommended by Registrant through other, non-affiliated broker-dealers. **The Registrant's Chief Compliance Officer, Richard P. Reid, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
  2. **Other Investment Advisors.** Registrant obtains research and/or timing signals, which are material to certain of its asset allocation programs, from other investment professionals, including registered investment advisers. Regardless of any research and/or timing signals obtained by Registrant from any investment professionals or

others, Registrant shall be the final determiner as to whether to follow any such research and/or timing signal for client investment management implementation purposes. Generally, no such investment professional or investment adviser is a *related person* of the Registrant. However, the president of Jamestown Capital Management, Inc., an investment professional entity providing such services, is Rodney L. Jackson. Mr. Jackson is also a portfolio manager and investment adviser representative of Registrant. At all times, the investment professionals that provide the above mentioned services act in the capacity as independent consultants to the Registrant.

8. **Licensed Insurance Agents.** Registrant's Principals and representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage Registrant's principals and representatives to effect insurance commission transactions on a commission basis.
  - **Conflict of Interest:** The recommendation by Registrant's Principals and/or representatives that a client purchase an insurance commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's Principals and/or representatives. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non-affiliated insurance agents. **The Registrant's Chief Compliance Officer, Richard P. Reid, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are

also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons”. The Registrant’s securities transaction policy requires that Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at various broker-dealer/custodians. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending various broker-dealer/custodians (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. 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 services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from various broker-dealer/custodians without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be 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 Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at various broker-dealer/custodians as a result of this arrangement. There is no corresponding commitment made by the Registrant to various broker-dealer/custodians or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**The Registrant's Chief Compliance Officer, Richard P. Reid, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other

transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

**The Registrant's Chief Compliance Officer, Richard P. Reid, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13      Review of Accounts**

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

## Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from various broker-dealer/custodians. The Registrant, without cost (and/or at a discount), may receive support services and/or products from various broker-dealer/custodians.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at various broker-dealer/custodians as a result of this arrangement. There is no corresponding commitment made by the Registrant to various broker-dealer/custodians or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**The Registrant's Chief Compliance Officer, Richard P. Reid, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

## Item 15 Custody

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

## **Item 16 Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

## **Item 17 Voting Client Securities**

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## **Item 18 Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Richard P. Reid, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**