

**FORM ADV PART 2A  
DISCLOSURE BROCHURE**

**Gibbs Wealth Management, LLC**

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This Brochure provides information about the qualifications and business practices of Gibbs Wealth Management, LLC. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this Brochure, please contact us at 678-694-8770. 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. The oral and written communications of an adviser provide you with information that you may use to determine whether to hire or retain them. Additional information about Gibbs Wealth Management, LLC (CRD #281621) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The SEC's website also provides information about any persons affiliated with Gibbs who are registered, or are required to be registered, as investment adviser representatives.

Gibbs Wealth Management, LLC's website can be found at <https://gibbswealthria.com>.

**March 24, 2022**

## **Item 2: Material Changes**

This document is Part 2A of Form ADV: Firm Brochure (the “Brochure”) for the Advisor. Pursuant to SEC requirements and rules, you will receive a summary of any material changes to this Brochure within one hundred twenty days of the close of the Advisor’s fiscal year. This brochure will be amended anytime there is a material change and this section will include a summary of any material changes. This Brochure may be requested at any time, without charge, by contacting the Advisor or by checking our website.

Since the last filing on January 13, 2022, Item 8 has been updated to include Cybersecurity Risks.

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## Item 4: Advisory Business

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### Firm Description

Gibbs Wealth Management, LLC, (“Advisor,” “Firm,” or “Adviser”) was founded on September 14, 2015 and became a Registered Investment Advisor in November of 2015. The firm was established prior to the registration approval in preparation of the formal application with the State of Georgia. No advisory services were performed during that period. Edward Byron Gibbs is 100% owner. Jonathan Lee is the Chief Compliance Officer for the Advisor. Under CCR Section 260.238(k), Advisor, its representatives or any of its employees will disclose to Clients all material conflicts of interest. (The citing of this regulation code is required by the State of California and may not apply in other jurisdictions where the firm conducts business.)

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### Types of Advisory Services

#### SUB-ADVISORY/CONSULTANT ARRANGEMENTS

The Advisor can enter into consultant or sub-advisory relationships in which it contracts with another third-party registered investment advisor or strategist to provide research, advice, and guidance or investment management services in regard to assets it is managing for clients. Such arrangements might range from the other party providing research ideas that the Advisor may or may not implement, to a sub-advisor having full discretion over the Advisor’s client’s assets.

#### ASSET MANAGEMENT

Advisor offers only discretionary management services through the Advisor-Directed Model Management program sponsored by Orion Portfolio Solutions (“OPS”) and the discretionary management services of TownSquare Capital (“TS”). Additional information about OPS (CRD #125446) and TS (CRD #288576) is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). OPS and TS are SEC registered Investment Advisors. Advisor will build and manage the investment portfolios and allocate Client accounts to such managed portfolios based on the Client’s investment needs and investment objectives. Advisor, as well as OPS and TS, will have discretionary authority over securities in the portfolios allocated to the Client account that are available for investment in the program. Discretionary authorization will allow OPS and TS to determine the specific securities, and the amount of securities, to be purchased or sold for a client’s account without obtaining clients’ approval prior to each transaction. OPS and TS will also have discretion over the broker or dealer to be used for securities transactions in your account.

OPS and TS will work with the Advisor to implement the trades to the assigned Client accounts. Client will interact solely with Advisor. OPS and TS will perform administrative services, record keeping, and accounting services and support relating to the administration of the account. At no time are OPS or TS responsible for providing investment advice to the Client.

Advisor will provide OPS’s and TS’s ADV Part 2, Form CRS, Privacy Policy, and a copy of Gibbs’ Investment Advisory Agreement to Client. The terms and conditions under which the Client shall engage OPS and TS shall be set forth in separate written agreements between (1) the Client and Advisor and (2) the Client and OPS or TS. Advisor shall continue to render advisory services to the Client relative to the ongoing monitoring and review of account performance,

for which Advisor shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by OPS and TS. Factors that Advisor shall consider in recommending OPS and TS include the Client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. In addition to Advisor's written disclosure statement, the Client shall also receive Form ADV Part 2A for both OPS and TS. Clients should review OPS' and TS's ADV Part 2 or Terms of Use for additional details regarding services. OPS and TS offers Advisor a platform of institutional portfolio strategists ("Strategists") that Advisor has the discretionary authority to select amongst. The Strategists are responsible for managing their Model Portfolios on behalf of OPS and TS. However, neither OPS or TS nor the Strategists are acting as your Investment Advisor, nor possess knowledge of your individual information or investment goals – this role is that of Advisor's. Advisor will select the appropriate Strategist(s) pursuant to each Client's goals, objectives, risk, time horizon, and various other criteria.

This list is non-exhaustive, but Gibbs may recommend the following securities, services, or accounts to Clients: fixed index annuities, fixed rate annuities, life insurance, separately managed accounts, ETFs, and mutual funds. Advisor may at any time decide to offer new services if those services align with the risk profile of Clients. There are no sub-accounts of variable products managed by the Adviser. Unmanaged or static client assets are not included in the Adviser's management fee calculation.

As part of OPS's and TS's asset management services, in addition to other types of investments, OPS and TS may invest client assets according to one or more model portfolios. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Clients whose assets are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of securities that can be purchased in the model. Nonetheless, clients may impose reasonable restrictions on investing in certain securities or types of securities in their account. In such cases, this may prevent a client from investing in certain models that are managed by TS. A Client may also change the model portfolio to better reflect their risk score. Clients may not go directly to OPS or TS for advisory services and must go through a registered investment adviser.

#### INVESTMENT ADVISOR REPRESENTATIVES CO-BRANDING

Our firm offers services through our network of investment advisor representatives ("IARs"). IARs may have their own legal business entities whose trade names and logos are used for marketing purposes and may appear on marketing materials or client statements. The Client should understand that the businesses are legal entities of the IAR and not of the Advisor. The IARs are under the supervision of the Advisor and the advisory services of the IAR are provided through the Advisor.

#### SEMINARS AND WORKSHOPS

Advisor holds seminars and workshops to educate the public on different types of investments and the different services they offer. The seminars are educational in nature and no specific investment or tax advice is given. Advisor does not charge a fee for attendance to these seminars.



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**Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose reasonable restrictions on investing in certain securities or types of securities. A Client may also change the model portfolio to better reflect their risk score.

Agreements may not be assigned without prior written client consent.

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**Wrap Fee Programs**

Advisor does not sponsor any wrap fee programs.

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**Client Assets Under Management**

As of January 13, 2022, Advisor had approximately \$102,227,838 in discretionary assets under management and no assets managed on a non-discretionary basis.

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**Item 5: Fees and Compensation**

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**Method of Compensation and Fee Schedule**

Advisor utilizes two sub-advisers for Client accounts. TownSquare Capital (“TS”) uses Charles Schwab and Orion Portfolio Services (“OPS”) uses TD Ameritrade for their custodians, respectfully. Below are their and the Advisor’s investment advisory fees.

**Asset Management Service – Gibbs Wealth Management**

Advisor offers discretionary direct asset management services to advisory clients.

Fees are billed quarterly in arrears based on the amount of assets managed as of the close of business on the last business day of the previous quarter. Fees may be higher than those charged in the industry. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation and without penalty and a full refund. Fees are automatically deducted from the Client’s account and Clients will pay the Advisor their portion of the fees. Advisor does not have the ability to directly deduct their advisory fee from the Client account. Clients may terminate advisory services with written notice to Advisor. For accounts opened or closed mid-billing period, fees will be prorated based on the days services are provided during the given period. All unpaid earned fees will be due to Advisor. Client shall be given thirty (30) days prior written notice of any increase in fees. Any increase in fees will be acknowledged in writing by both parties before any increase in said fees occurs.

Advisor requires a minimum of \$25,000 to open an account but reserves the right to accept accounts with lesser assets at Advisor’s discretion.

Advisor charges an annual investment advisory fee based on the fee schedule below:

| <b>Assets Under Management</b> | <b>Annual Fee</b> | <b>Monthly Fee</b> | <b>Negotiated Annual Fee</b> |
|--------------------------------|-------------------|--------------------|------------------------------|
|--------------------------------|-------------------|--------------------|------------------------------|

|                         |       |        |  |
|-------------------------|-------|--------|--|
| \$25,000 to \$250,000   | 1.75% | .1458% |  |
| \$250,001 - \$500,000   | 1.50% | .1250% |  |
| \$500,001 - \$1,000,000 | 1.25% | .1042% |  |
| Over \$1,000,000        | 1.00% | .0833% |  |

This is a tiered or breakpoint fee schedule, the entire portfolio is charged the same asset management fee. For example, a Client with \$750,000 under management would pay \$9,375 on an annual basis.  $\$750,000 \times 1.25\% = \$9,375$ .

The annual fee may be negotiable based upon certain criteria, including but not limited to, accounts within the same household may be combined for a reduced fee, historical relationship, types of assets, anticipated future earning capacity, anticipated future additional assets, related accounts, and the clients expected level of management (e.g. Accounts with mainly Bonds/Cash Equivalents may require less frequent trading). Accounts within the same household will be combined for a reduced fee, unless the Client instructs otherwise. Fees may be higher than those charged in the industry. Lower fees for comparable services may be available from other sources. Advisor will charge an advisory fee based on the above schedule for the services we provide. Total fees to Client will never exceed the safe harbor threshold of 3% of assets under management per year. Clients may terminate advisory services with written notice to Advisor. Client shall be given thirty (30) days prior written notice of any increase in fees. Any increase in fees will be acknowledged in writing by both parties before any increase in said fees occurs.

#### **Asset Management Service – TownSquare Capital (Custodian - Charles Schwab)**

TownSquare Capital does not receive any portion of the advisory fee charged by Advisor. The investment management fee for TownSquare Capital are exclusive of, and in addition to, Advisor’s investment advisory fee set forth above. The fees are charged quarterly in arrears and are based on the average daily account balance for the period for the prior quarter. Fees may be higher than those charged in the industry. Lower fees for comparable services may be available from other sources. The total annual fees for TownSquare Capital may not exceed 2% of assets under management.

Fees for TownSquare Capital services are in addition to Advisor’s fees and include:

|                             | <b>Management Fee (Households &lt;\$1m)</b> | <b>Management Fee (Households &gt;\$1m - \$3m)</b> | <b>Management Fee (Households &gt;\$3m)</b> |  |
|-----------------------------|---|--|---|--|
| Partner SMA’s               | 0.70%                                       | 0.70%  | 0.65%                                       |  |
| Custom Bond Ladders         | 0.40%                                       | 0.40%  | 0.40%                                       |  |
| TSC Brix                    | 0.35%                                       | 0.35%  | 0.30%                                       |  |
| TSC Asset Allocation Models | 0.35%                                       | 0.35%  | 0.30%                                       |  |
| *TSC Trading Services       | 0.35%                                       | 0.35%  | 0.30%                                       |  |

#### **Asset Management Service – Orion Portfolio Solutions (Custodian - TD Ameritrade)**

Fees are billed monthly in arrears based on the amount of assets managed as of the close of business on the last business day of the previous month. Fees may be higher than those charged in

the industry. Lower fees for comparable services may be available from other sources. Fees are automatically deducted from the Client's account by OPS; OPS will pay Advisor their portion of the fees. Advisor does not have the ability to directly deduct their advisory fee from the Client account. For accounts opened or closed mid-billing period, fees will be prorated based on the days services are provided during the given period. All unpaid earned fees will be due to Advisor.

OPS does not receive any portion of the advisory fee charged by Advisor. The investment management fees charged by OPS are exclusive of, and in addition to, Advisor's investment advisory fee set forth above. The total annual fees for the OPS Program may not exceed 2% of assets under management. The fees are charged monthly in arrears and are based on the average daily account balance and calculated on the last day of a month's billing period.

In addition to the fees listed above, the Advisor charges an administration fee below:

- Administration Fees (reporting and accounting services – annual fee):

| From                                       | Percentage |
|--|------------|
| First \$50,000 (\$0-\$50,000)              | 0.45%      |
| Next \$50,000 (\$50,001-\$100,000)         | 0.30%      |
| Next \$400,000 (\$100,001-\$500,000)       | 0.20%      |
| Next \$500,000 (\$500,001-\$1,000,000)     | 0.15%      |
| Next \$4,000,000 (\$1,000,001-\$5,000,000) | 0.10%      |
| Subsequent Amounts \$5,000,000+            | 0.08%      |

This is a blended fee schedule; the Administration Fee is calculated by applying different rates to different portions of the portfolio. OPS and TS may group certain related Client accounts for the purposes of determining the annualized fee. Certain household accounts may be aggregated for fee discount purposes. OPS and TownSquare Capital document and identify accounts to be aggregated via a checkbox attestation included in their addendums.

The following ancillary fees apply to both OPS and TS:

- Account Maintenance Fees (\$25 for electronic or \$50 for mailed statements per account annually), and
- Termination Fee (the fee is \$75 per account for full outgoing distributions or non-ACAT transfers). These two fees could also be reimbursed to Clients.

Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation and without fee or penalty. For accounts closed mid-month, Advisor will be entitled to a pro rata fee for the days service was provided in the final month. Client shall be given thirty (30) days prior written notice of any increase in fees. Any increase in fees will be acknowledged in writing by both parties before any increase in said fees occurs.

## **Client Payment of Fees**

Fees are deducted from a designated client account to facilitate billing. The client must consent in advance, and in writing, to direct debiting of their investment account. Please see Item 15 below for further details.

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## **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, stocks, equities, and exchange-traded funds. These charges may include Mutual Fund transactions fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self-regulatory organizations). The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Advisor, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.). Mutual funds charge administration fees, which are disclosed in each fund's prospectuses.

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## **Prepayment of Client Fees**

Advisor does not charge fees in advance.

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## **External Compensation for the Sale of Securities to Clients**

Advisor does not receive any external compensation for the sale of securities to clients.

Affiliated persons of Advisor receive external compensation for the sale of investment related products such as insurance as licensed insurance agents. From time to time, they will offer clients services from those activities. These commissions are separate from any advisory fees charged, however, no advisory fees are charged on products where a commission is received.

This represents a conflict of interest because it gives an incentive to recommend products based on the commission received. This conflict is mitigated by disclosures, procedures, and Advisor's fiduciary obligation to place the best interest of the Client first and Clients are not required to purchase any products or services. Clients have the rights to purchase these services through another insurance agent. Clients have the option to purchase these products through another insurance agent of their choosing.

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

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Advisor does not use a performance-based fee structure because of the conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

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## **Item 7: Types of Clients**

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## **Description**

Advisor generally provides investment advice to individuals and high net worth individuals. Client relationships vary in scope and length of service.

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## **Account Minimums**

Advisor requires a minimum of \$25,000 to open an account but reserves the right to accept accounts with lesser assets at Advisor's discretion.

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

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### **Methods of Analysis and Investment Strategies**

Security analysis methods may include fundamental analysis, technical analysis, and cyclical analysis. Investing in securities involves risk of loss that clients should be prepared to bear.

#### **Past performance is not a guarantee of future returns.**

Fundamental analysis involves evaluating a stock using real data such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth. Technical analysis involves evaluating securities based on past prices and volume. Cyclical analysis involves analyzing the cycles of the market.

Advisor may recommend the Client purchase an annuity. When recommending an annuity, Advisor will consider the Client's age, annual income, financial situation, tax status and the financial resources used to fund the annuity. The Client's financial experience, risk tolerance, investment objectives, time horizon, long term care needs, liquidity needs and intended use will be the determining factors when recommending an annuity and any annuity product features like income riders, long term care riders or death benefit riders.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

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### **Investment Strategy and Method of Analysis Material Risks**

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not consider new patterns that emerge over time.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are twofold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. Some individuals have a high tolerance for risk and others have low

tolerance. Clients should only risk what they can afford to lose. The client may change these objectives at any time. Each client executes an Investment Policy Statement or Risk Tolerance that documents their objectives and their desired investment strategy.

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### **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with Advisor:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not. Management of accounts don't require liquidity risks, but a Client may request to suggest securities that may be illiquid.
- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

- *Trading risk:* Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.
- *Options Trading:* The risks involved with trading options are that they are very time sensitive investments. An options contract is generally a few months. The buyer of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price change does not occur in the relevant time period (i.e., before the option expires). Additionally, options are less tangible than some other investments. An option is a “book-entry” only investment without a paper certificate of ownership. The Advisor does not currently trade in options, but a Client may request to suggest options for their accounts.
- *Cybersecurity Risk:* With the increased use of technology to conduct business, the Firm and its affiliates are susceptible to operational, information security, and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events that can arise from external or internal sources. Cyberattacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information; corrupting data, equipment, or systems; or causing operational disruption. Cyberattacks can also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting the Firm, its affiliates, or any other service providers (including but not limited to custodians and financial intermediaries) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the ability to calculate asset prices, impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which an account invests, counterparties with which an account engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers) and other parties.

## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of such adviser or the integrity of such adviser’s management. The Advisor does not have any legal, financial, regulatory, or other “disciplinary” item to report to any Client. This statement applies to the Advisor and to every employee of the Advisor.

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**Administrative Enforcement Proceedings**

Advisor and its management have not been involved in administrative enforcement proceedings.

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**Self-Regulatory Organization Enforcement Proceedings**

Advisor and its management have not been involved in legal or disciplinary events related to past or present investment clients.

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

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**Broker-Dealer or Representative Registration**

Advisor has no representatives or employees who are registered representatives of a broker dealer, securities dealer or government securities dealer or broker an investment company or other pooled investment vehicle.

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**Futures or Commodity Registration**

Neither Advisor nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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**Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Managing Member Edward Gibbs has a financial industry affiliated business as an independent licensed insurance agent with Gibbs Financial Group. As an insurance agent and investment advisor representative, he may receive separate yet typical commissions/compensation. Other IARs may also be insurance licensed and receive separate yet typical commissions/compensation.

These practices represent conflicts of interest because it gives an incentive to recommend products based on the commission/compensation received. This conflict is mitigated by disclosures, procedures, and both the IAR's and the firm's fiduciary obligation to place the best interest of the Client first. Clients are not required to purchase any products or services and are not obligated to follow the recommendations of Mr. Gibbs, or to utilize his insurance services. Clients have the option to purchase these products or services through another insurance agent or investment advisor of their choosing.

Neither Advisor or management persons have a relationship with any of the following: broker-dealer, municipal securities dealer, or government securities dealer or broker, and investment company, or other pooled investment vehicle (e.g. mutual fund, private fund, etc.), another investment advisor or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, pension consultant, a real estate broker or dealer, or a sponsor or syndicator of limited partnerships.

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**Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

Advisor utilizes the services of OPS and TS as described in Items 4 and 5 above. Fees for these services will be based on a percentage of assets under management not to exceed any limit imposed by any regulatory agency. Advisor's fees are charged in addition to the fees charged by OPS. The final fee schedule will be attached to Schedule D in Advisor's Investment Advisory

Agreement. Advisor ensures that before selecting other advisors for Client that the other advisors are properly licensed or registered as an investment advisor.

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

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### **Code of Ethics Description**

The employees of Advisor have committed to a Code of Ethics (“Code”). The purpose of our Code is to set forth standards of conduct expected of Advisor employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of Advisor. The Code reflects Advisor and its supervised persons’ responsibility to act in the best interest of their client.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

Advisor’s policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of Advisor may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

Advisor’s Code is based on the guiding principle that the interests of the client are our top priority. Advisor’s officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to act in the client’s best interests over the interests of either employees or the company.

The Code applies to “access” persons. “Access” persons are employees who have access to non-public information regarding any clients’ purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public. Advisor will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### **Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Advisor and its employees do not recommend securities to clients in which we have a material financial interest.

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### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Advisor and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide Advisor with copies of their brokerage statements.

The Chief Compliance Officer of Advisor is Edward Gibbs. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions does not disadvantage Clients. Clients of the Firm do not need to receive preferential treatment.

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### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Advisor does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide Advisor with copies of their brokerage statements.

## **Item 12: Brokerage Practices**

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### **Factors Used to Select Broker-Dealers for Client Transactions**

Advisor may recommend the use of a particular broker-dealer such as TD Ameritrade Institutional is a Division of TD Ameritrade, Inc., Member FINRA/SIPC (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. Advisor will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. Advisor relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by Advisor.

Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade is an independent SEC-registered broker-dealer and is not affiliated with Advisor. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14)

- *Brokerage for Client Referrals*

Advisor does not receive client referrals from any custodian or third party in exchange for using that broker-dealer or third party.

- *Best Execution*

Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees. Advisor may not achieve most favorable execution for Client transactions and may cost Clients more money if Clients direct brokerage.

- *Soft Dollar Arrangements*

The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services are obtained by Advisor from or through a broker-dealer in exchange for directing client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, Advisor receives both soft dollar and economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts of Advisor. These benefits include both proprietary research from the broker and other research written by third parties.

A conflict of interest exists if an Advisor receives soft dollars, because soft dollars are inherently a conflict of interest. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation to act in the best interest of its clients and the services received are beneficial to all clients. The Adviser believes its requirement is in the best interest of clients based on the services TD Ameritrade and Schwab provide and fees they charge. The Adviser owes the client a fiduciary duty to put the client's interest first which includes, but is not limited to, a duty of care, loyalty, obedience, and utmost good faith.

Advisor utilizes the services of custodial broker dealers. Economic benefits are received by Advisor which would not be received if Advisor did not give investment advice to Clients. These benefits include: A dedicated trading desk, a dedicated service group and an account services manager dedicated to Advisor's accounts, ability to conduct "block" Client trades, electronic download of trades, balances and positions, duplicate and batched Client statements, and the ability to have advisory fees directly deducted from Client accounts.

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### **Aggregating Securities Transactions for Client Accounts**

Whenever possible, client trades are aggregated or block traded. The process of aggregating client trades is done in order to achieve better execution, to negotiate more favorable commission rates and to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when trades are placed independently. Aggregated orders are allocated to clients according to the average price of the order. Under this procedure, Advisor calculates the average price and transaction charges for each transaction included in a block order and assign the average price and transaction charge to each allocated transaction executed for the client's account.

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

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### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by Edward Gibbs, Chief Compliance Officer. Account reviews are performed more frequently for reasons such as, but not limited to, when market conditions dictate, tax loss harvesting opportunities, change in Client marital status or family size, and for another other material life event. Reviews of Client accounts include, but are not limited to, a review of Client documented risk tolerance, adherence to account objectives,

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investment time horizon, and suitability criteria, and reviewing target bands of each asset class to identify if there is an opportunity for rebalancing. Adviser will meet with Clients at least annually to review their portfolio and assess if the investor profile needs updating or changing. Each time the Adviser charges an advisory fee, the Adviser will provide an invoice to the client that contains the fee(s), the formula used to calculate the fee(s), the fee calculation itself, the time period covered by the fee(s) and if applicable, the amount of assets under management the fee is based on and the name of the custodian(s). If the Adviser charges performance compensation, the invoice will also include the client's cumulative net investment gain (or loss) and the amount of cumulative net investment gain over which you will receive performance compensation.

#### **Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

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#### **Content of Client Provided Reports and Frequency**

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by the Custodian at which the client's account is held. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs. Adviser provides semi-annual written reports to Clients on their account or as requested by the Client.

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

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#### **Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

As disclosed under Item 12 above, Adviser participates in TD Ameritrade's institutional customer program and Adviser may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Adviser's participation in the program and the investment advice it gives to its Clients, although Adviser receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Adviser by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by Adviser's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Adviser but may not benefit its Client accounts. These products or services may assist Adviser in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD

Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to Clients, Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

Other than the arrangements disclosed in Items 4 and 5 of the Brochure the Adviser does not receive compensation from a third-party adviser for providing services to a client.

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### **Advisory Firm Payments for Client Referrals, Including Third Parties**

Advisor does not compensate for client referrals.

## **Item 15: Custody**

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### **Account Statements**

Advisor does not accept or maintain physical custody of client funds or securities. All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

Clients are urged to compare the account statements received directly from their custodians to *invoices* and any performance report statements prepared by Advisor.

Advisor is deemed to have constructive custody solely because advisory fees are directly deducted from client's account by the custodian on behalf of Advisor. However, the Advisor is not required to comply with the custody rules because the Advisor is meeting the safeguarding requirement of having this written authorization from the client to deduct advisory fees from the account held with the qualified custodian. The custodian will send a statement to clients reflecting any fee deducted on behalf of the Advisor. Advisor will send an invoice instructing the custodian to deduct the fee. Pursuant to CCR Section 260.237(b)(3): (The citing of this regulation code is required by the State of California and may not apply in other jurisdictions where the firm conducts business.)

- A. The investment adviser has custody of the funds and securities solely as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee.
- B. The investment adviser has written authorization from the client to deduct advisory fees from the account held with the qualified custodian.
- C. Each time a fee is directly deducted from a Client account, the investment adviser concurrently:
  - i. Sends the qualified custodian an invoice of the amount of the fee to be deducted from the client's account; and
  - ii. Sends the client an invoice itemizing the fee. Itemization includes the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the time period covered by the fee.

D. The investment adviser notifies the Commissioner in writing that the investment adviser intends to use the safeguards provided in this paragraph (b)(3). Such notification is required to be given on Form ADV.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

Advisor requires discretionary authority to manage securities accounts on behalf of clients. Advisor assumes discretionary authority through the execution of its investment adviser agreement with a discretionary authority contract provision. Advisor has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. Any restrictions will be noted on the advisory agreement. However, Advisor will consult with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given. Advisor allows Client's to place certain restrictions, as outlined in the Client's Investment Policy Statement or similar document. Such restrictions could include only allowing purchases of socially conscious investments. These restrictions must be provided to Advisor in writing.

The client approves the custodian to be used and the commission rates paid to the custodian. Advisor does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

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

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### **Proxy Votes**

Advisor does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, Advisor will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client. Advisor is available to answer questions regarding proxy voting.

## **Item 18: Financial Information**

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### **Balance Sheet**

A balance sheet is not required to be provided because Advisor does not serve as a custodian for client funds or securities and Advisor does not require prepayment of fees of more than \$500 per client and six months or more in advance.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Advisor has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

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**Bankruptcy Petitions during the Past Ten Years**

Neither Advisor nor its management has had any bankruptcy petitions in the last ten years.