

## **Seamount Financial Group, Inc.**

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**April 7, 2021**

**FORM ADV PART 2  
BROCHURE**

**This Brochure provides information about the qualifications and business practices of Seamount Financial Group, Inc. If you have any questions about the contents of this Brochure, please contact us at (719) 471-1171. 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 Seamount Financial Group, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Seamount Financial Group, Inc. is 107834.**

**Seamount Financial Group, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated February 18, 2020, there are no material changes.

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## Item 4 Advisory Business

### Description of Services and Fees

Seamount Financial Group, Inc. is a registered investment adviser primarily based in Colorado Springs, Colorado with office locations in California and Arizona. We are organized as a corporation under the laws of the State of Colorado. Our firm has been providing investment advisory services since 1999 while some of our Associated Persons have been providing advisory services before 1999. Leon Colafrancesco is our principal owner.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm. Seamount Financial Group, Inc. offers investment advice with the assistance of its Investment Adviser Representatives (IARs).

### Financial Planning Services

We provide financial planning and consulting services that are tailored to the client's individual needs, which may be broad-based in nature or may only focus on certain areas. Investment Advisor Representatives may provide advice on general issues relating to such topics as financial management, risk management, asset allocation, estate planning, retirement planning, educational funding, or other needs identified by the client. The financial planning process will involve a review of the client's current financial condition, investment objectives, risk tolerance, and other relevant financial suitability information.

Financial plans are generally produced within four to six weeks, and are based on your financial situation at the time we present our recommendations and/or plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change. You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations you are not obligated to implement the financial plan through any of our other investment advisory services, and you may place securities transactions with any brokerage firm.

### Wealth Management Services

Our firm offers wealth management services where we manage our clients' investments within the larger context of the client's overall wealth management and planning process. Wealth management services consist of ongoing advice and discretionary or non-discretionary investment management services. These services include an initial consultation along with follow up consultations, as may be agreed, to discuss your unique investment objectives, time horizon, risk tolerance, tax circumstances, and various other financial factors. We will ask that you complete certain investor questionnaires, onboarding forms, and other documents (such as, for example, a client profiling and risk questionnaire) to assist us in gathering information about your financial needs and circumstances.

Based on our evaluation of the foregoing factors, we will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our wealth management services, we will customize an investment portfolio for you in accordance with your risk tolerance and investing objectives. Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will periodically rebalance the portfolio as required by, among other things, changes in market conditions and in your financial circumstances.

If you engage our firm for discretionary management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. Please see Item 16 (Investment Discretion) of this Disclosure Brochure for more information on the different types of management authority we offer under our wealth management services.

The wealth management process varies for each client as it is based on the client's individual financial circumstances. In the event we accept a client account that does not meet our stated account minimum (see Item 7 of this Disclosure Brochure), we may alter the wealth management process structure to better accommodate the client's needs and requested services.

As part of our wealth management services, we may also provide portfolio evaluation services that typically involve the review of your investment portfolio, such as your 401K account, and in an effort to achieve your target allocation we will recommend investment allocations based on your investment profile. We will not cause any transactions in conjunction with the advice and/or recommendations given, and you will be responsible for implementing our investment recommendations. To the extent we have access to your closing quarterly account statements, we may agree to monitor your account on a quarterly basis to ensure the account remains aligned with your stated financial objectives. Under no circumstances do we maintain your account log-in credentials on file. You are free at all times to accept or reject any of our investment recommendations.

We manage our clients' investments within the larger context of the client's overall wealth management and financial planning process. As part of our portfolio management services, we may, in our sole discretion, provide clients with complimentary or reduced cost financial planning services that complement the management of the client's investment portfolio in order to better serve our clients and help them manage their overall financial affairs. For more information on the nature of these services, please see below.

### **Lifestyle Planning**

Our Lifestyle Planning Service consists of a variety of ongoing advisory services tailored to the client's needs, which generally include ongoing extensive financial planning and consulting, and/or ongoing discretionary portfolio oversight. The portfolio oversight process varies for each client as it is based on the client's individual circumstances and typically involves the review of your investment accounts and allocations to ensure your portfolio remains aligned with your stated financial objectives. Please refer to Item 16 of this Brochure for more information on discretionary management authority.

All terms of the Lifestyle Planning Service engagement will be clearly set forth in the agreement you sign with our firm.

### **Pension Consulting Services**

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, education services to plan participants, investment performance monitoring, and/or ongoing consulting. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

We may also assist with participant enrollment meetings and provide investment-related educational seminars to plan participants on such topics as: Diversification; Asset allocation; Risk tolerance; and Time horizon. Our educational seminars may include other investment-related topics specific to the particular plan. We may also provide additional types of pension consulting services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

### **Types of Investments**

In general, we offer advice on equity securities, corporate debt securities, mutual fund shares, U.S. Government securities, municipal bonds, managed futures, variable annuities, and interests in partnerships investing in real estate interests and oil and gas interests. While we may recommend various types of securities, we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Our firm's investment adviser representatives may advise you on any type of investment deemed appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship. You may request, in writing, that we refrain from investing in particular securities or certain types of securities.

### **Assets Under Management**

As of December 31, 2020, we manage approximately \$425,000,000 in client assets on a discretionary basis, and approximately \$43,000,000 on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Financial Planning Services**

We charge an hourly fee of \$300 for financial planning services, which is negotiable depending on the scope and complexity of the plan, your situation, and your financial objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. We may require that you pay 50% of the fee in advance and the remaining portion upon the completion of the services rendered.

Otherwise, fees are due upon completion of services rendered. If we require a prepayment of fees exceeding \$1,200, we will perform that work within 6 months from the date of contract. For clerical work, we charge an hourly rate of \$50.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Wealth Management Services**

Our annualized fee for wealth management services is based on a percentage of your assets. Fees may range up to 1.25% per annum of assets under management. Our advisory fee and fee paying arrangements are negotiable depending on individual client circumstances. As part of our fee negotiating policy, client portfolios with mutual fund holdings generating 12b-1 fees or that have non-traded assets could be subject to lower agreed upon fees depending on the circumstances. The annual wealth management fee is billed and payable quarterly in advance based on the value of your account on the last trading day of the previous quarter.

If the wealth management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

You may pay us directly or you may authorize us to deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account, and you should review all statements for accuracy. If you find any inconsistent information with the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this Disclosure Brochure.

You may terminate the wealth management agreement upon 30-days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the wealth management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Lifestyle Planning**

For Lifestyle Planning engagements we typically charge a quarterly fixed fee ranging up to \$2,000 that is payable quarterly in advance. The negotiated advisory fee may be drawn from your bank account, debited from your portfolio account, or paid via check or card. In all cases, applicable fees, fee payment arrangements, and the terms of the engagement will be clearly set forth in the advisory agreement executed between our firm and you prior to services being rendered.

### **Pension Consulting Services**

Our advisory fee for pension consulting services is based on a percentage of the plan assets, which may range up to an annual fee of 1.25% of plan assets. This fee may be negotiated with the plan sponsor or named fiduciary on a case-by-case basis. Our fee is typically billed quarterly in advance based on the value of plan assets on the last day of the previous quarter. We may consider other fee paying arrangements depending on the individual needs of the plan.

Either party to the pension consulting agreement may terminate the agreement upon 30-days' written notice to the other party. The pension consulting fees will be prorated for the quarter in which the termination notice is given and, if applicable, any unearned fees will be refunded to the client.

### General - Advisory Services to Retirement Plans and Plan Participants

As disclosed above, we offer various levels of advisory and consulting services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). Pursuant to adopted regulations of the U.S. Department of Labor, we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a description of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to your Plan and the compensation that we receive for such services are described above, and in the service agreement that you sign with our firm. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants unless we are retained under a separate engagement. If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

In providing services to the Plan and Participants, our status is that of an investment adviser registered under the Investment Advisers Act of 1940, and we are not subject to any disqualifications under Section 411 of ERISA. To the extent we perform fiduciary services, we are acting as a fiduciary of the Plan as defined in Section 3(21) under ERISA.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through which your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Brochure.

### **Compensation for Other Investment Products**

Investment Adviser Representatives (IARs) of our firm may also be registered representatives with Grove Point Investments, LLC, a securities broker-dealer, and a member FINRA / SIPC. In this capacity as registered representatives, these IARs will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. IARs of our firm may also be licensed as independent insurance agents, and they will generally earn commission-based compensation for selling insurance products.

Compensation earned by these IARs in their separate capacities as registered representatives and/or licensed insurance agents is separate and in addition to our advisory fees. These practices present a conflict of interest because IARs of our firm who are registered representatives and/or licensed insurance agents generally have a financial incentive to effect securities transactions on your behalf and/or sell insurance products to you. Clients are under no obligation, contractually or otherwise, to purchase securities and/or insurance products through any person affiliated with our firm.

Our firm has various client relationships where the clients' account(s) may have positions in mutual fund share classes paying 12b-1 fees to associated persons of our firm that are registered representatives of a broker-dealer. These positions are maintained for a variety of reasons, including, but not limited to, cost basis, lower internal fees, and other criteria attributable to acting in our clients' best interests. In efforts to mitigate any conflicts of interest whereby mutual fund positions generating 12b-1 fees (paid to registered representatives, not to our firm) are included in our wealth management accounts, our firm's internal policy is to discount our investment advisory fee, which may range up to 1.25% of assets under management, by any 12b-1 fees generated from mutual fund holdings. If you have any questions about this practice, please contact our firm's CCO.

Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.



## Item 6 Performance-Based Fees and Side-By-Side Management

We do not charge performance-based fees or participate in side-by-side management. Our fees are calculated as described in the *Fees and Compensation* section (Item 5) above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## Item 7 Types of Clients

We generally offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

We require a minimum of \$500,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

### Our Methods of Analysis and Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

Technical Analysis - involves studying past price patterns, trends, and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

*Risk:* The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

*Risk:* The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

*Risk:* Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if

the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

Short-Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

*Risk:* Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Short Sales - a securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future.

*Risk:* A short seller will profit if the stock goes down in price, but if the price of the shares increase, the potential losses are unlimited.

Margin Transactions - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

*Risk:* If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

For broad-based financial planning, after we evaluate your short-term cash needs and emergency funds, we design investment and insurance strategies to help you achieve your financial goals. Medical, long-term care and life insurance would only be implemented by those IARs who meet the requisite licensing requirements. Casualty insurance (e.g. homeowners, auto, liability, etc) is reviewed, however, implementation would be provided by an outside casualty insurance firm.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Our strategies and investments may have unique and significant tax implications. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Our clients have the option of choosing their cost basis, and we recommend that clients contact their tax advisor to determine if the selected accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm

immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Disclosure Brochure, we generally recommend equity securities, corporate debt securities, mutual fund shares, U.S. Government securities, municipal bonds, managed futures, variable annuities, and interests in partnerships investing in real estate interests and oil and gas interests. When appropriate, we may recommend "no-load" mutual funds to you in order to minimize your costs.

Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, more well established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Mutual funds and exchange traded funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely which can dilute other investors' interests.

Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same dividend.

A variable annuity is a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum ( single-payment annuity ) or a series of regular payments (regular-payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. At this point the contract will terminate and the remainder of the funds accumulated forfeited unless there are other annuitants or beneficiaries in the contract. Annuities can be purchased to provide an income during retirement. Unlike fixed annuities that make payments in fixed amounts or in amounts that increase by a fixed percentage, variable annuities, pay amounts that vary according to the performance of a specified set of investments, typically bond and equity mutual funds. Many variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose a variety of fees and expenses, in addition to sales and surrender charges, such as: mortality and expense risk charges; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return. Earnings in a variable annuity do not provide all the tax advantages of 401(k)s and other before-tax retirement plans. Once the investor starts withdrawing money from their variable annuity, earnings are taxed at the ordinary income rate, rather than at the lower capital gains rates applied to other non-tax-deferred vehicles which are held for more than one year. Proceeds of most variable annuities do not receive a "step-up" in cost basis when the owner dies like stocks, bonds, and mutual funds do. Some variable annuities offer "bonus credits". These are usually not free. In order to fund them, insurance companies typically impose mortality and expense charges and surrender charge periods. In an exchange of an existing annuity for a new annuity (so-called 1035 exchanges) the new variable annuity may have a lower contract value and a smaller death benefit; may impose new surrender charges or increase the period of time for which the surrender charge applies; may have higher annual fees; and provide another commission for the broker.

A real estate investment trust or REIT is a corporate entity which invests in real estate and/or engages in real estate financing. A REIT reduces or eliminates corporate income taxes. REITs can be publicly or privately held. Public REITs may be listed on public stock exchanges. REITs are required to declare 90% of their taxable income as dividends, but they actually pay dividends out of funds from operations, so cash flow has to be strong or the REIT must either dip into reserves, borrow to pay dividends, or distribute them in stock (which causes dilution). Most REITs must refinance or erase large balloon debts this year and next. The credit markets are no longer frozen, but banks are demanding, and getting, harsher terms to re-extend REIT debt. Some REITs may be forced to make secondary stock offerings to repay debt, which will lead to additional dilution of the stockholders. Fluctuations in the real estate market can affect the REIT's value and dividends.

A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner does not usually invest any capital, but has management authority and unlimited liability. That is, the general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and confine their participation to their capital investment. That is, limited partners invest a certain amount of money and have nothing else to do with the business. However, their liability is limited to the amount of the investment. In the worst case scenario for a limited partner, he/she loses what he/she invested. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership.

## Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

## Item 10 Other Financial Industry Activities and Affiliations

We do not have any financial industry activities, affiliations or relationships that are material to our advisory business or to our advisory clients except as listed below.

Investment Adviser Representatives (IARs) of our firm may also be *registered representatives* with Grove Point Investments, LLC, a securities broker-dealer, and a member FINRA / SIPC. In this capacity as registered representatives, these IARs will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. IARs of our firm may also be licensed as *independent insurance agents*, and they will generally earn commission-based compensation for selling insurance products.

Compensation earned by these IARs in their separate capacities as registered representatives and/or licensed insurance agents is separate and in addition to our advisory fees. These practices present a conflict of interest because IARs of our firm who are registered representatives and/or licensed insurance agents generally have a financial incentive to effect securities transactions on your behalf and/or sell insurance products to you. Clients are under no obligation, contractually or otherwise, to purchase securities and/or insurance products through any person affiliated with our firm.

Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

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

### Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm. Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this Disclosure Brochure.

### Participation or Interest in Client Transactions

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we may have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our *strict* policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities or investment products.

## **Item 12 Brokerage Practices**

### **Brokerage Recommendations**

For clients engaging our firm for wealth management services, we require clients to open one or more custodian accounts in their own name at an independent custodian. We consider several factors in recommending a broker-dealer/custodian to a client. Factors that we consider when recommending a broker-dealer/custodian may include ease of use, reputation, service execution, pricing and financial strength. We may also take into consideration the availability of the research and/or services received or offered by the broker-dealer/custodian.

While you are free to choose any broker-dealer/custodian or other service provider, we generally require that you establish an account with a brokerage firm with which we have an existing relationship. For clients in need of brokerage and custodial services, we recommend the use of Grove Point Investments, LLC and Pershing, LLC respectively. Grove Point Investments, LLC (member FINRA/SIPC) and Pershing, LLC offer independent investment advisers' services that include custody of securities, trade execution, clearance and settlement of transactions. We believe that Grove Point Investments, LLC and Pershing, LLC provide quality execution services for our clients at competitive prices.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Research and Other Soft Dollar Benefits**

As a registered investment adviser, we may have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the service platforms of these firms, and are *not* considered to have been paid with soft dollars. The receipt of such products and/or services creates a conflict of interest since our firm may benefit from such products and/or services. In efforts to mitigate this conflict, it is our firm's policy to act in our clients' best interest, and to use these products and/or services for the benefit of all our clients. Clients should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

### **Directed Brokerage**

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the

commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker-dealer are adequately favorable in comparison to those that we would otherwise obtain for you.

### **Block Trades**

We may combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

Where we block trade accounts, we do so only for discretionary accounts. We do not combine orders for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

## **Item 13 Review of Accounts**

### **Wealth Management Services**

If you participate in our wealth management services, we conduct periodic reviews of your portfolio and/or account status to determine if any changes may need to occur. For account reviews, we use a team approach where the Investment Adviser Representative assigned to your account and any of the following individuals might assist with the review: Leon Colafrancesco (Chief Compliance Officer / Investment Adviser Representative); Chris Dorsett (Investment Adviser Representative); Aaron Mclaughlin (Investment Adviser Representative); and/or Michael Healy (Investment Adviser Representative). Additional reviews may be conducted based on various circumstances, including, but not limited to: contributions and withdrawals; year-end tax planning; market moving events; security specific events; and/or, changes in your financial situation or investment objectives.

You will receive at least quarterly statements from the brokerage firm where your accounts are custodied. Each statement will summarize the specific investments currently held, the value of your portfolio and account transactions. We may also provide you with reports in conjunction with the quarterly statements that you receive containing relevant account information such as an inventory of account holdings and account performance.

### **Financial Planning Services**

The Investment Adviser Representative assigned to your account will work closely with you to be sure the action points identified in the financial plan have been properly executed. Once the action points have been completed, the financial plan should be reviewed at least annually. Material changes in your lifestyle choices, personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, it is your responsibility to communicate these changes to us so that the appropriate adjustments can be made.

### **Lifestyle Planning Services**

The Investment Adviser Representative assigned to your account will be responsible for reviewing your financial plan and/or portfolios depending on the arrangement made at the inception of the engagement.

### **Pension Consulting Services**

Leon Colafrancesco or the IAR assigned to service the plan will conduct account reviews on behalf of the plan and provide performance reports at intervals established in the written agreement between our firm and the plan sponsor / trustee.

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

### **Compensation for Client Referrals**

We do not compensate any individual or firm for client referrals.

### **Other Compensation**

As disclosed under the "Fees and Compensation" section in this Brochure, IARs of our firm may be registered representatives of a broker-dealer as well as licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section.

## **Item 15 Custody**

Your independent custodian will directly debit your account(s) for the payment of our advisory fees except for instances where we have agreed to invoice you directly. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent qualified custodian. You will receive account statements from the independent qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this Disclosure Brochure.

## **Item 16 Investment Discretion**

If you engage us to perform discretionary management or oversight services, you must first sign our discretionary management agreement before we can buy or sell securities on your behalf. Discretionary authorization enables our firm to exercise discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.



## **Item 17 Voting Client Securities**

### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder. In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We (i) do not take physical custody of client funds or securities; (ii) do not serve as trustee or signatory for client accounts; (iii) do not require the prepayment of more than \$1,200 in fees six or more months in advance; and (iv) have not filed a bankruptcy petition at any time in the past ten years. Therefore, we are not required to include a financial statement with this brochure.

## **Item 19 Requirements for State Registered Investment Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  1. Employer retirement plans generally have a more limited investment menu than IRAs.
  2. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  1. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  2. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  1. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this Disclosure Brochure.

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure. We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our office at (719) 471-1171 if you have any questions regarding this policy.