

# IBEX Wealth Advisors, LLC

**Brochure Dated: March 30, 2023**

Contacts: James J. Varaklis  
135 US Highway 202 206,  
Suite 4  
Bedminster, New Jersey 07921

**This brochure provides information about the qualifications and business practices of IBEX Wealth Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (908)-849-4800. 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 IBEX Wealth Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to IBEX Wealth Advisors, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

There have been no material changes to IBEX Wealth Adviser’s Disclosure Brochure since its last ADV AnnualAmendment filing, made on March 31, 2022.

IBEX moved their office to a new address since the annual amendment was filed on March 31, 2022. The address provided in Item 1 Cover Page is the current address of the Firm.

Other changes were made to this Disclosure Brochure which are not specified in this summary since the annual amendment was filed on March 31, 2022. We recommend that you read this Brochure in its entirety.

## **Item 3           Table of Contents**

Item 1	Cover Page .....	1
Item 2	Material Changes .....	2
Item 3	Table of Contents.....	2
Item 4	Advisory Business .....	3
Item 5	Fees and Compensation.....	5
Item 6	Performance-Based Fees and Side-by-Side Management .....	7
Item 7	Types of Clients.....	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Item 9	Disciplinary Information.....	13
Item 10	Other Financial Industry Activities and Affiliations .....	14
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	14
Item 12	Brokerage Practices.....	15
Item 13	Review of Accounts.....	17
Item 14	Client Referrals and Other Compensation .....	17
Item 15	Custody .....	18
Item 16	Investment Discretion .....	18
Item 17	Voting Client Securities .....	18
Item 18	Financial Information.....	18

## Item 4            **Advisory Business**

A. IBEX Wealth Advisors, LLC (the “Registrant”, “IBEX”, or the “Firm”) is a limited liability company formed in December 2012 in the state of New Jersey. The Registrant became registered as an Investment Adviser Firm in January 2014. The Registrant is owned by Glenn E. Stephenson, James J. Varaklis, and Phillip Rongo. Mr. Stephenson is the Managing Member.

B.

### **INVESTMENT MANAGEMENT SERVICES**

The Registrant provides discretionary investment advisory services on a *fee* basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the total assets placed under the Registrant’s management.

Prior to engaging the Registrant to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with the Registrant setting forth the terms and conditions of the engagement.

Registrant provides investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. Thereafter, the Registrant will allocate or recommend that the client allocate investment assets consistent with their designated investment objectives. It is the client’s responsibility to promptly notify the Registrant if there is a change in their financial situation or investment objectives.

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

The Registrant may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning and insurance planning) on a stand-alone separate fee basis.

Prior to engaging the Registrant to provide planning or consulting services, clients are required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services.

If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including certain of the Registrant’s representatives in their individual capacities as registered representatives of LPL Financial (“*LPL*”) and/or in their capacities as licensed insurance agents. (*See* disclosure below at Items 10.C below). The client is under no obligation to engage the services of any such recommended professionals. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant.

It remains the client’s responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant’s previous recommendations and/or services.

### RETIREMENT PLAN SERVICES

The Registrant provides retirement plan consulting/management services, pursuant to which it assists sponsors of self-directed retirement plans organized under the Employee Retirement Security Act of 1974 (“ERISA”). The terms and conditions of the engagement shall be set forth in a *Retirement Plan Services Agreement* between the Registrant and the plan sponsor.

If the plan sponsor engages the Registrant in an ERISA Section 3(21) capacity, the Registrant will assist with the selection and/or monitoring of investment options (generally open-end mutual funds and exchange traded funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts.

### MISCELLANEOUS

#### **Limitations of Financial Planning and Non-Investment Consulting/Implementation.**

As indicated above, to the extent requested by a client, Registrant provide financial planning and related consulting services. Neither the Registrant nor its investment adviser representatives assist clients with the implementation of any financial plan, unless they have agreed to do so in writing. The Registrant does not monitor a client’s financial plan, and it is the client’s responsibility to revisit the financial plan with the Registrant, if desired.

The Registrant provides financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, and insurance on an as needed basis.

The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant and/or its representatives.

**Financial Planning and Aggregation Software Programs.** Registrant provides its clients with access to an online financial planning and aggregation software platform. The platform allows a client to view his/her/its complete asset allocation, including those assets that Registrant does not manage (the “Excluded Assets”). Registrant does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, Registrant shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not Registrant, shall be exclusively responsible for such investment performance.

The platform also provides access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by Registrant. The client may choose to engage Registrant to manage some or all of the Excluded Assets pursuant to the terms and conditions of an *Investment Advisory Agreement* between Registrant and the client.

**Retirement Plan Rollovers – No Obligation / Conflict of Interest:** When the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, the recommendation creates a conflict of interest when

the Registrant earns an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by Registrant.

When the Registrant provides investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours; to act otherwise creates a conflict with your interests.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

Our investment adviser representatives are available to discuss the requirements with you.

- C. The Registrant provides investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative ascertains each client's investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the types of securities or on a specific security.
- D. Registrant does not offer a wrap fee program for its investment advisory services. Certain of our clients participate in a wrap fee program offered by LPL.
- E. As of December 31, 2021, the Registrant had \$554,768,000 in assets under management on a discretionary basis.

## **Item 5 Fees and Compensation**

A.

### **INVESTMENT MANAGEMENT SERVICES**

The Registrant provides discretionary investment advisory services on a *fee* basis, the Registrant's annual investment advisory fee is negotiable up to 1.60% of the total assets, including cash and cash equivalents, placed under the Registrant's management/services and are based upon various objective and subjective factors. These factors include, but are not limited to, the amount of the assets placed under the Registrant's management, the level and scope of the overall investment advisory services to be rendered and the complexity of the engagement. The services provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

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

Registrant's planning and consulting fees are negotiable ranging from \$2,000 to \$15,000 on a fixed fee basis, and from \$150 to \$300 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

### **RETIREMENT PLAN CONSULTING SERVICES**

The terms and conditions of the Registrant's retirement plan consulting services are set forth in a *Retirement Plan Consulting Agreement* between the Registrant and the plan sponsor. Registrant's retirement plan consulting fees vary based upon the value of the assets in the plan, the complexity of the engagement, and the level and scope of the overall services to be rendered.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant recommends that *LPL* serve as the broker-dealer/custodian for client investment management assets. *LPL* charges brokerage commissions and/or transaction fees for effecting certain securities transactions.

In addition to Registrant's investment management fee, and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). Furthermore, the No Transaction Fee funds available through *LPL*'s Full Participating Funds List, will generate 12b-1 compensation for *LPL*. See Item 5.E for more information.

- D. Registrant's annual investment advisory fee are prorated and paid quarterly, in advance based on the value of the assets under management on the last business day of the previous quarter. The Registrant shall adjust its quarterly advisory fee on a prorated basis for inflows and outflows during the prior billing period.

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

E. **Securities Commission Transactions.** Clients who engage Registrant's representatives, in their individual capacities, as registered representatives of *LPL*, a FINRA member broker-dealer, to implement investment recommendations are charged a commission on those transactions. In the event the client chooses to purchase investment products through *LPL*, *LPL* charges brokerage commissions to effect securities transactions, a portion of which commissions *LPL* pays to Registrant's representatives, as applicable. The brokerage commissions charged by *LPL* may be higher or lower than those charged by other broker-dealers. In addition, *LPL*, relative to commission mutual fund purchases, receives additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment. Registrant and Registrant's representatives do not receive 12b-1 commissions.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *LPL* presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives.
2. Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
3. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services. However, a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis.

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

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

## **Item 7            Types of Clients**

The Registrant's clients include individuals, business entities, trusts, estates, pension and profit sharing plans not including the plan participants or government pension plans and charitable organizations.

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

A. The Registrant utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

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

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s). Investing in securities involves risk of loss that clients should be prepared to bear.

Investors generally face the following types of investment risks:

- 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 may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- 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.

- 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.
- 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.
- Cash and Money Market Fund Risk: Funds held in a cash or money market fund generate little income and thus, after the management fee, clients may take a loss on those funds. Ihex Wealth generally uses cash and money market accounts strategically to protect assets when markets are volatile, to hold assets waiting to be allocated to other investments, or to maintain a small amount of cash to pay custodian, transaction, and advisory fees without having to sell investments.

## B. Methods of Analysis .

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

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

In addition to the fundamental investment strategies discussed above, the Registrant may also implement and/or recommend options transactions. This strategy has a high level of inherent risk.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by the Registrant shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio.

Although the intent of the options-related transactions that may be implemented by the Registrant is to hedge against principal risk, certain of the options-related strategies (i.e.

straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct the Registrant, in writing, not to employ any or all such strategies for their accounts.

**Covered Call Writing.** Covered call writing is the sale of in-, at-, or out-of- the money call option against a long security position held in a client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

**Structured Notes.** The Registrant may purchase structured notes for client accounts. A structured note is a financial instrument that combines two elements, a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counter party risk of the issuer. However, the return on the note is linked to the return of an underlying asset or assets (such as the S&P 500 Index or commodities). It is this latter feature that makes structured products unique, as the payout can be used to provide some degree of principal protection, leveraged returns (but usually with some cap on the maximum return), and be tailored to a specific market or economic view. In addition, investors may receive long-term capital gains tax treatment if certain underlying conditions are met and the note is held for more than one year. Finally, structured notes may also have liquidity constraints, such that the sale thereof before maturity may be limited.

**Mutual Funds and Exchange Traded Funds:** Most mutual funds and exchange traded funds are available directly to the public. Therefore, a prospective client can obtain many of the funds that may be utilized by Registrant independent of engaging Registrant as an investment advisor. If a prospective client determines to do so, he/she will not receive Registrant's initial and ongoing investment advisory services.

In addition to Registrant's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Inverse/Enhanced Market Strategies.** The Registrant may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for their accounts.

**Interval Funds.** When consistent with a client's investment objectives, Registrant may allocate investment assets to "interval funds." Investment companies structured as "interval funds" are generally designed for long-term investors that do not require daily liquidity.

Shares in interval funds typically do not trade on the secondary market. Instead, their shares are subject to periodic redemption offers by the fund at a price based on net asset value. Accordingly, interval funds are subject to liquidity constraints. Interval funds investing in securities of companies with smaller market capitalizations, derivatives, or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. Generally, the interval funds recommended by Registrant offer a two to three week period, on a quarterly basis, during which the client may seek the redemption of previously purchased interval funds.

**Securities Based Loans.** Registrant does not generally recommend the use of margin loans or securities based loans (collectively, “SBLs”) as an investment strategy, in which the client would leverage borrowed assets as collateral for the purchase of additional securities. However, Registrant may recommend that a client establish a margin account with the client’s broker-dealer/custodian or their affiliated banks (each, an “SBL Lender”) to access SBLs for financial planning and cash flow management purposes. For example, Registrant may deem it advisable for a client to borrow money on margin to pay bills or other expenses such as financing the purchase, construction, or maintenance of a real estate project. The Registrant does not receive any compensation in connection with a client’s use of any SBLs.

The terms and conditions of each SBL are contained in a separate agreement between the client and the SBL Lender selected by the client, which terms and conditions may vary from client to client. Borrowing funds on margin is not suitable for all clients and is subject to certain risks, including but not limited to: increased market risk, increased risk of loss, especially in the event of a significant downturn; liquidity risk; the potential obligation to post collateral or repay the SBL if the SBL Lender determines that the value of collateralized securities is no longer sufficient to support the value of the SBL; the risk that the SBL Lender may liquidate the client’s securities to satisfy its demand for additional collateral or repayment / the risk that the SBL Lender may terminate the SBL at any time. Before agreeing to participate in an SBL program, clients should carefully review the applicable SBL agreement and all risk disclosures provided by the SBL Lender including the initial margin and maintenance requirements for the specific program in which the client enrolls, and the procedures for issuing “margin calls” and liquidating securities and other assets in the client’s accounts. The following describes some of the risks associated with SBLs, which Registrant recommends that clients consider before participating in an SBL program:

**Increased Portfolio Risk, Including the Risk for Potential Losses in the Event of a Downturn** - Borrowing money on margin to pay bills or other expenses increases a client’s level of exposure to market risk and volatility. The more money a client borrows on margin, the greater the market risk. This is especially true in the event of a significant downturn in the value of the assets used to collateralize the SBL. In some circumstances, clients may lose more money than they originally invested and borrowed. As the marginable investments in a client’s portfolio provide the collateral for the SBL, the

value of that collateral fluctuates according to market activity, while the amount the client borrows stays the same.

**The Potential Obligation to Post Collateral or Repay the SBL if the SBL Lender Determines that the Value of Collateralized Securities is No Longer Sufficient to Support the Value of the SBL** - The SBL requires a certain minimum value of equity to continue service of the SBL (the “Maintenance Requirement”). If the value of the client’s portfolio securities decline in value, so does the value of the collateral supporting the SBL. If the value of the SBL collateral declines to an amount where it is no longer sufficient to support the borrower’s line of credit or loan, the SBL Lender will issue a “Maintenance Call” (also referred to as a “margin call”). In that event, the client would be required to post additional collateral or repay the SBL within a specified period of time. The SBL Lender is also commonly entitled to increase its Maintenance Requirement at any time, without having to provide prior written notice to the borrower. As a result, borrowers are subject to risk of repayment of the loan and should be aware of such risks when foregoing a traditional mortgage to finance a real estate purchase.

**The Risk that the SBL Lender may Liquidate the Client’s Securities to Satisfy its Demand for Additional Collateral or Repayment** - The SBL Lender commonly reserves the right to render the borrower’s repayment immediately due, and/or terminate the SBL at any time without cause, at which point, the outstanding SBL balance would become immediately due and payable. However, if the borrower is unable to add additional collateral to their account or repay the loan with readily available cash, the SBL Lender can typically liquidate the borrower’s securities and keep the cash to satisfy the Maintenance Call. When liquidating the securities of the borrower’s investment portfolio, the SBL Lender usually reserves the right to decide which securities to sell to protect its interests, and is not necessarily required to provide written notice of its intentions to liquidate. Accordingly, clients who borrow money through an SBL should be aware of this risk and that such risk is not limited to the margin in the client’s account which could result in the client having to owe additional money or collateral to the SBL lender after the positions are liquidated. It is therefore possible that a client can lose more money than what the client originally invested into the portfolio.

**Liquidity Risk** - SBLs also have a significant effect on the liquidity of a client’s portfolio. Namely, a security (whether an equity, mutual fund or ETF) that is used as collateral for an SBL loses its liquidity as long as the SBL is outstanding. Decreased liquidity increases portfolio risk and restricts a client’s access to their funds, which clients should strongly consider before using an SBL.

- C. Currently, the Registrant primarily allocates client investment assets among various mutual funds (including closed end funds) and exchange traded funds (“ETFs”) (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices) and individual equities (stocks), debt instruments (bonds), separately managed accounts and alternative investments on a discretionary basis in accordance with the client’s designated investment objective(s).

As discussed above in Item 5.C, the Registrant selects certain No Transaction Fee (“NTF”) funds available through *LPL*’s Full Participating Funds List. These NTF funds generally have a higher internal expense ratio than Non-Participating Funds. Funds with a sales load and/or a higher internal expense ratio will impact the fund’s performance and, consequently, the performance of a client’s account over time.

The Registrant also allocates investment management assets of its client accounts, on a discretionary basis, among one or more of its asset allocation programs (i.e. Aggressive, Moderately Aggressive, Moderate, and Conservative) as designated on the Investment Advisory Agreement. Registrant's asset allocation strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Registrant's asset allocation programs, with a non-exclusive safe harbor from the definition of an investment company.

Registrant's investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

**Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues.** Our business activities could be materially adversely affected by pandemics, epidemics and outbreaks of disease in Asia, Europe, North America and/or globally or regionally, such as COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome (SARS), and/or other epidemics, pandemics, outbreaks of disease, viruses and/or public health issues. Specifically, COVID-19 spread rapidly around the world since its initial emergence in China in December 2019 and severely negatively affected the global economy and equity markets (including, in particular, equity markets in Asia, Europe and the United States). Although the long-term effects or consequences of COVID-19 and/or other epidemics, pandemics and outbreaks of disease cannot always be predicted, previous occurrences of other pandemics, epidemics and other outbreaks of disease, such as H5N1 flu, H1N1 flu, SARS and the Spanish flu, had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the level of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect the business, financial condition and operations of the Adviser. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to spread or materially impact the day to day lives of persons around the globe), the Adviser could be adversely affected by more stringent travel restrictions, additional limitations on the Adviser's operations or business and/or governmental actions limiting the movement of people between regions and other activities or operations (or to otherwise stop the spread or continued spread of any disease or outbreak).

**Geopolitical Risk:** Geopolitical and other events (e.g., war or terrorism) may disrupt securities markets and adversely affect global economies and markets, thereby decreasing the value of an account's investments. Sudden or significant changes in the supply or prices of commodities or other economic inputs such as oil may have material and unexpected effects on both global securities markets and individual countries, regions, sectors, companies, or industries, which could significantly reduce the value of an account's investments. War, terrorism and related geopolitical events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally.

## **Item 9            Disciplinary Information**

Neither the Registrant nor any of its supervised persons have been the subject of a disciplinary action.

## Item 10 Other Financial Industry Activities and Affiliations

- A. **Registered Representative of LPL** James J. Varaklis, Phillip Rongo, Glenn E. Stephenson and Denise P. Anderson are registered representatives of *LPL*, a FINRA member broker-dealer.
- B. **Broker Dealer** Certain of Registrant's representatives are registered representatives of *LPL*, a FINRA member broker-dealer. Clients can choose to engage these representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.

**Licensed Insurance Agents** James J. Varaklis, Phillip Rongo, Glenn E. Stephenson and Denise P. Anderson, in their individual capacity, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis.

**Conflict of Interest:** The recommendation by Registrant's representatives, that a client purchase securities or insurance commission products presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. Clients are reminded that they may purchase securities or insurance products recommended by Registrant through other, non-affiliated registered representatives of a broker-dealer and/or insurance agents.

- C. The Registrant does not recommend or select other investment advisors for its clients for which it receives a fee.

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

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

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

- B. The representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the representatives of the Registrant are in a position to benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest.

The Registrant has policies in place to monitor the personal securities transactions of representatives of the Registrant.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's Access Persons. The Registrant's securities transaction policy requires that Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings on a periodic basis and personal securities transactions on a quarterly basis.

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

## **Item 12 Brokerage Practices**

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

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

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant receives from *LPL* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, unaffiliated product/fund sponsor, or vendor) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

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

There is no corresponding commitment made by the Registrant to *LPL* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

2. The Registrant does not accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's

transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts

To the extent that the Registrant provides investment management services to its clients, the transactions for each client account are effected independently. The Registrant will aggregate trades where possible and when advantageous to clients. Aggregating trades permits the purchase or sell of the same securities for multiple clients at the same time at the same brokerage firm. Aggregating trades allows the Registrant to equitably allocate trades among you and other clients the prices, commissions and any other transaction costs that may not have been obtained had such orders been placed independently. Under this

procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant does not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Registrant provides investment advisory services, account reviews are conducted on a periodic basis by the Registrant's Principal and/or the registered representative, at least annually. All investment advisory clients are advised that it remains their responsibility to notify the Registrant of any changes in their investment objectives and/or financial situation. All clients are encouraged to review financial planning issues, investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market volatility, world event impacting global markets and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance. Clients are urged to compare the statement provided by the broker-dealer/custodian with the client reports provided by the Registrant and discuss any discrepancy with the Registrant.

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

Registrant has a solicitation agreement in place in which the Registrant pays the promoter a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment advisory fee and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated promoter, the promoter, at the time of the solicitation, is required to disclose the nature of their promoter relationship with the Firm.

## **Item 15      Custody**

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

To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian.

## **Item 16      Investment Discretion**

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

Clients who engage the Registrant on a discretionary basis may, at any time, impose reasonable restrictions, in writing, on the Registrant's discretionary authority. Restrictions that may be placed include, but are not limited to limiting the types and amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market or limit or proscribe the Registrant's use of margin.

## **Item 17      Voting Client Securities**

- A. The Registrant does not vote client proxies.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## **Item 18      Financial Information**

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