

**Diversified Investment Strategies, LLC**  
doing business as  
**Advisor.Investments**  
SEC File Number: 801 – 67260

**ADV Part 2A, Firm Brochure**  
**Dated, September 13, 2021**

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**This brochure provides information about the qualifications and business practices of Diversified Investment Strategies, LLC, (the “Registrant”), which does business as Advisor.Investments. If you have any questions about the contents of this brochure, please contact us at (225) 292-0687 or [shane@advisor.investments](mailto:shane@advisor.investments). 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 Diversified Investment Strategies, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Diversified Investment Strategies, 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**

Since the Registrant’s March 2021 Amendment filing, the Registrant below has made disclosure additions and enhancements to this Brochure at Item 4 regarding Affiliated Private Investment Funds. **ANY QUESTIONS:** Registrant’s Chief Compliance Officer, Shane Haag, remains available to address any questions regarding this Part 2A, including the disclosure additions and enhancements below.

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**Item 4            Advisory Business**

- A. Diversified Investment Strategies, LLC (the “Registrant”) is a limited liability company formed on December 16, 2004 in the state of Louisiana. Diversified Investment Strategies, LLC does business as Advisor.Investments, and markets itself as such. The Registrant became registered as an Investment Adviser Firm in November 2006 and as Producer Agency for insurance sales by the State of Louisiana in April 2015. The Registrant is owned by James Pope and Shane Haag.
  
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts and estates, etc.) investment advisory services. The Registrant **does not** hold itself out as providing financial planning or estate planning services. To the extent specifically requested by a client, Registrant shall generally provide limited consulting services to its investment management clients on investment and non-investment related matters that are generally ancillary to the investment management process. The type and scope of the advisory and consulting services offered will depend upon the amount of assets placed under the Registrant’s management, either of the *Investment Services, Wealth Management or Private Client* offerings-see below.

**INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide discretionary investment advisory services on a fee basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management as per the following fee schedule:

<b>Tiers</b>	<b>Tier Chargeable Assets</b>	<b>Annual Rate</b>
1	First \$500,000	1.35%
2	Plus, additional assets up to \$1,000,000	0.85%
3	Plus, additional assets up to \$2,000,000	0.70%
4	Plus, additional assets up to \$4,000,000	0.45%
5	Plus, additional assets up to \$8,000,000	0.35%
6	Amount over \$8 million	negotiable

**INVESTMENTS SERVICES** -clients that maintain less than \$500,000 under the Registrant’s management shall be offered\*:

- o Account set up with a Designated Advisor
- o Investment model selection from multiple models
- o Discretionary Investment Management
- o Investment reports delivered to your MyWealthChart Vault
- o Annual Offer for Personal Portfolio Review

**WEALTH MANAGEMENT**-clients that maintain in excess of \$500,000 of assets and less than 2.0M under the Registrant’s management shall be offered\*:

- All Investment Services plus the following;
- o Investment restrictions for personalized Investment management

- Annual Offer: Big Picture Wealth Review
- Annual Offer: Personal Tax Preparation
- Personal Portfolio Reviews
- Retirement Planning Advice & Consultation

**PRIVATE CLIENT**-clients that maintain in excess of \$2M of assets under the Registrant's management shall be offered\*:

All Wealth Management services plus the following;

- Annual Offer: Tax Strategy Planning Meeting
- Quarterly Tax Review & Recommendation (if applicable)
- Access to Retirement Planning Analysis & Reports

**\*Please Also Note:** The Registrant's fee will remain the same regardless of whether or not the client determines to address any or all such offered services.

## **TAX PREPARATION AND ENROLLED AGENT SERVICES FOR CLIENTS WHO QUALIFY**

The Tax Preparation and Enrolled Agent Services may be offered to Private Client and Wealth Management clients\*.

### **TAX PREPARATION SERVICES**

To the extent requested by Private Client and Wealth Management clients\*, the Registrant may determine to provide tax preparation services on a stand-alone separate fee basis set forth in a separate engagement letter. Registrant's typical tax preparation fee for a simple tax return is \$100 per return. However, Registrant's fee could be substantially more for more complex returns. No client is under any obligation to engage the Registrant for tax preparation services.

### **ENROLLED AGENT SERVICES**

To the extent requested by Private Client and Wealth Management clients\*, Shantelle Palermo, Enrolled Agent, may be engaged represent the client before the Internal Revenue Service (IRS) and/or the State Department of Revenue for matters relating to any of the following.

- Communicating with the IRS and/or State Department of Revenue for a taxpayer regarding the taxpayer's rights, privileges, or liabilities under laws and regulations administered by the IRS and/or State Department of Revenue.
- Representing a taxpayer at conferences, hearings, or meetings with the IRS and/or State Department of Revenue.
- Preparing and filing documents with the IRS and/or State Department of Revenue for a taxpayer.
- Corresponding and communicating with the IRS and/or State Department of Revenue for a taxpayer.

The terms and conditions, and corresponding fee, for any such engagement shall be set forth in a separate engagement letter between Ms. Palermo and the client. No client is under any obligation to engage Ms. Palermo for any of the above services.

**Please Note: Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), the Registrant **may** maintain cash positions for strategic purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating the Registrant's advisory fee. **The Registrant's Chief Compliance Officer, Shane Haag, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.**

**Non-Investment Consulting/Implementation Services.** Neither the Registrant, nor any of its representatives, serves as an attorney, and no portion of the Registrant's services should be construed as legal or accounting services. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, etc.). These professionals may also include employees or agents of the Registrant in their separate registered or licensed capacities as discussed above (Tax Preparation) and below (Insurance). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any unaffiliated recommended professional, and a dispute arises, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged unaffiliated licensed professional[s] (i.e. attorney, accountant, etc.), and **not** Registrant, shall be responsible for the quality and competency of the services provided. **Please Also Note:** 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 and revising Registrant's previous recommendations or services.

**UPDATED Please Note: Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Registrant recommends that a client roll over their retirement plan assets into an account to be managed by Registrant, such a recommendation creates a **conflict of interest** if Registrant will earn new (or increase its current) compensation as a result of the rollover. When acting in such capacity, Registrant serves as a fiduciary under the Employee Retirement Income Security Act (ERISA), or the Internal Revenue Code, or both. **No client is under any obligation to roll over retirement plan assets to an account managed by Registrant. Registrant's Chief Compliance Officer, Shane Haag remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

**Schwab.** As discussed below at Item 12, when requested to recommend a broker-dealer/custodian for client accounts, Registrant generally recommends that Schwab serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab charge transaction fees for effecting securities transactions. The fees charged by Schwab, or any broker-

dealer/custodian directed by the client, are in addition to Registrant's advisory fee referenced in Item 5 below.

**Portfolio Activity.** Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, manager changes, debt burden, client additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. The Registrant's fee shall remain payable during such periods of account inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s).

**Affiliated Private Investment Funds.** The Registrant is the advisor to Aldabra Capital Partners, LP (the "*affiliated private fund*"). The Registrant, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets to the *affiliated private fund*. The terms and conditions for participation in the *affiliated private fund*, including incentive fees, conflicts of interest, and risk factors, are set forth in the fund's offering documents. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund.

**Risk Factors:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Conflict of Interest.** Because the Registrant earns compensation from the *affiliated private funds* (incentive compensation) that may exceed the fee that Registrant would earn under its standard asset based fee schedule referenced in Item 5 below, the recommendation that a client become an investor in the *affiliated private funds* presents a conflict of interest. No client is under any obligation to become an investor in the *affiliated private fund*.

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

**ExxonMobil Stock.** The Registrant **shall generally not** maintain discretionary authority regarding the client's Exxon/Mobil stock holdings. Rather, the Registrant shall monitor and review such holdings on an ongoing and continuous basis, but will not sell any Exxon/Mobil stock unless and until the client first directs the Registrant do so.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their 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 and revising Registrant’s previous recommendations or services.

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

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client’s investment objective(s) allocation(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s) allocation(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant’s services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2020, the Registrant had \$144,808,876 in assets under management on a discretionary basis and \$17,599,364 in assets under management on a non-discretionary basis.

**Item 5 Fees and Compensation**

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

**INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide discretionary investment advisory services on a fee basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management as per the following fee schedule:

<b>Tiers</b>	<b>Tier Chargeable Assets</b>	<b>Annual Rate</b>
1	First \$500,000	1.35%
2	Plus, additional assets up to \$1,000,000	0.85%
3	Plus, additional assets up to \$2,000,000	0.70%
4	Plus, additional assets up to \$4,000,000	0.45%
5	Plus, additional assets up to \$8,000,000	0.35%
6	Amount over \$8 million	negotiable

**INVESTMENTS SERVICES** -clients that maintain less than \$500,000 under the Registrant’s management shall be offered\*:

- o Account set up with a Designated Advisor
- o Investment model selection from multiple models
- o Discretionary Investment Management
- o Investment reports delivered to your MyWealthChart Vault
- o Annual Offer for Personal Portfolio Review

**WEALTH MANAGEMENT**-clients that maintain in excess of \$500,000 of assets and less than 2.0M under the Registrant's management shall be offered\*:

All Investment Services plus the following;

- Investment restrictions for personalized Investment management
- Annual Offer: Big Picture Wealth Review
- Annual Offer: Personal Tax Preparation
- Personal Portfolio Reviews
- Retirement Planning Advice & Consultation

**PRIVATE CLIENT**-clients that maintain in excess of \$2M of assets under the Registrant's management shall be offered\*:

All Wealth Management services plus the following;

- Annual Offer: Tax Strategy Planning Meeting
- Quarterly Tax Review & Recommendation (if applicable)
- Access to Retirement Planning Analysis & Reports

**\*Please Also Note:** The Registrant's fee will remain the same regardless of whether or not the client determines to address any or all such offered services.

#### **TAX PREPARATION SERVICES**

To the extent requested by Private Client and Wealth Management clients\*, the Registrant may determine to provide tax preparation services on a stand-alone separate fee basis set forth in a separate engagement letter. Registrant's typical tax preparation fee for a simple tax return is \$100 per return. However, Registrant's fee could be substantially more for more complex returns. No client is under any obligation to engage the Registrant for tax preparation services.

***Please see*** additional disclosure at Item 7 below regarding advisory fees.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients monthly in advance, based upon the market value of the assets on the last business day of the previous month. Clients who purchase insurance products from representatives of the Registrant will be provided with the terms of such products pursuant to state insurance laws. Additional disclosure documents may be provided directly by an unaffiliated insurance company.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, individual equity and fixed income securities transactions). In addition to Registrant's investment management fee and transaction fees, clients will also incur,



relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

- D. Registrant's annual investment advisory fee shall be prorated and paid monthly, in advance, based upon the market value of the assets on the last business day of the previous month. The Registrant does not generally require an annual minimum fee or asset level for investment advisory services. The Registrant, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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 prorated portion of the advanced advisory fee paid based upon the number of days remaining in the billing month.

- E. **Insurance Commission Transactions.** In the event that the client desires, the client can engage the Registrant and its representatives to purchase insurance products on a commission basis. The commissions and fees charged by the Registrant may be higher or lower than those charged by other insurance producers.
1. **Conflict of Interest:** The recommendation that a client purchase an insurance commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. **The Registrant's Chief Compliance Officer, Shane Haag, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
  2. **Please Note:** Clients may purchase insurance products recommended by Registrant through other, non-affiliated insurance agents and agencies.
  3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of insurance products the Registrant recommends to its clients.
  4. The Registrant and its representatives may receive continuing commissions for the sale of an insurance product.

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

Registrant may charge performance-based fees to clients. Clients are advised that performance-based fees involve a sharing of any portfolio gains between the client and the Registrant. Such performance-based fees create a conflict of interest because the Registrant is incentivized to take additional risks in the management of a client portfolio that may be in conflict with the client's current investment objectives and tolerance for risk. No performance-based fees will be assessed until the portfolio, on a cumulative basis from account inception, is in a net gain position.

Performance-based fees are in addition to the asset-based fees detailed in Item 5 of this Brochure. Clients are also advised that as a result of the standard asset-based fee and the performance-based fee, the Registrant has an economic incentive to recommend a performance-based fee structure.

Performance-based fees may only be offered to clients who meet one of the following criteria:

- A natural person who or a company that immediately after entering into the contract has at least \$1,000,000 under the management of the investment adviser;
- A natural person who or a company that the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately before entering into the contract, either:
  - Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse, excluding principal residence) of more than \$2,100,000, at the time the contract is entered into; or
  - Is a qualified purchaser as defined in section 2(a)(51)(AA) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(51)(A)) at the time the contract is entered into; or
- A natural person who immediately before entering into the contract is:
  - An executive officer, director, trustee, general partner, or person serving in similar capacity of the investment adviser; or
  - An employee of the investment adviser (other than an employee performing solely clerical, secretarial, or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

## **Item 7           Types of Clients**

The Registrant's clients shall generally include individuals, business entities, trusts, and estates. Registrant may charge a lesser investment advisory fee, charge a flat fee, or waive its fee entirely, or provide additional services based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, grandfathered fee schedules, Registrant employees and family members, courtesy accounts, competition, negotiations with client, etc.). **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

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

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

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

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

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

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

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

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

In addition to the fundamental investment strategies discussed above, the Registrant may also implement and/or recommend options transactions. Option transactions have a high level of inherent risk. (*See* discussion below).

The use of options transactions as an investment strategy may involve 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 producing income or offsetting/"hedging" a potential market risk in a client's portfolio.

**Please Note:** Although the intent of the options-related transactions that may be implemented by the Registrant is to produce income or 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 his/her/their/its accounts.

- C. Currently, the Registrant primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, closed-end mutual funds, exchange traded funds and preferred stock on a discretionary basis, consistent with the client's designated objectives allocation. The Registrant may also engage in option strategies: (1) writing covered calls ("out of the money" and "in the money")- to provide portfolio income and sell/buy at certain prices; (2) buying puts - to help protect the portfolio value against market decline; and/or (3) option collar – combining a call with a put to hedge selected price movements.

## **Item 9            Disciplinary Information**

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

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

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Licensed Insurance Producer Agency and Licensed Insurance Agents.** The Registrant is registered as Producer Agency for Accident and Health and Life Insurance by the Louisiana Department of Insurance. Clients can engage the Registrant and certain of its representative to purchase insurance products and policies on a commission basis.

**Conflict of Interest:** The recommendation that a client purchase an insurance commission product or policy presents a *material conflict of interest*, as the receipt of commissions

may provide an incentive to recommend insurance products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission product from the Registrant or any of its representatives. Clients are reminded that they may purchase insurance products recommended by the Registrant through other non-affiliated insurance agents and agencies. **The Registrant's Chief Compliance Officer, Shane Haag, remains available to address any questions that a client or prospective may have regarding the above conflicts of interest.**

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

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

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

- B. As disclosed above, the Registrant has a financial interest in the *affiliated private fund*. The terms and conditions for participation in the *affiliated private fund*, including incentive fees, conflicts of interest, and risk factors, are set forth in the fund's offering documents.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

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

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates

a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12 Brokerage Practices**

In the event that the client requests that Registrant recommend a broker-dealer/custodian for execution and/or custodial services, Registrant generally recommends that investment Registrant accounts be maintained at Charles Schwab & Co., Inc. ("*Schwab*"). 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 advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Registrant considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with 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 Registrant's duty to obtain best execution, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Registrant determines, in good faith, that the 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 a broker-dealer's 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 advisory fee.

**Non-Soft Dollar Research and Benefits:** Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant can receive from *Schwab* (or another broker-dealer/custodian, investment manager, platform or fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that can be obtained by 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-including client events, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations..

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

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by Registrant to *Schwab* or any other any entity to invest any specific amount or percentage of client

assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**ANY QUESTIONS: Registrant's Chief Compliance Officer, Shane Haag, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest presented by such arrangement.**

**Directed Brokerage.** Registrant recommends that its clients utilize the brokerage and custodial services provided by *Schwab*. Registrant generally 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, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. **Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. 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.

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

## **Item 13      Review of Accounts**

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person, via telephone and/or internet meeting) are encouraged to review investment advisory issues (to the extent applicable), investment objectives and account performance with the Registrant on an at least annual basis.
  
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As indicated at Item 12 above, Registrant can receive from *Schwab* (and/or others) without cost (and/or at a discount), support services and/or products. Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as result of this arrangement. There is no corresponding commitment made by Registrant to *Schwab*, 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. **ANY QUESTIONS: Registrant's Chief Compliance Officer, Shane Haag, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest presented by such arrangement.**
- B. The Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

#### **Item 15 Custody**

Registrant shall have the ability to deduct its advisory fee from the client's *Schwab* account on a monthly basis. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from *Schwab*, at least quarterly. **Please Note:** To the extent that Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Registrant's advisory fee calculation.

#### **Item 16 Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the 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 anytime, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).



## **Item 17      Voting Client Securities**

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

## **Item 18      Financial Information**

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

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