

# **Benchmark Private Wealth Management, LLC**

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**March 26, 2018**

This Brochure provides information about the qualifications and business practices of Benchmark Private Wealth Management, LLC. If you have any questions about the contents of this Brochure, please contact us at 214-474-2190 or via email at [info@benchmarkpwm.com](mailto:info@benchmarkpwm.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Benchmark Private Wealth Management, LLC (“Benchmark”) is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that you may use to determine whether to hire or retain them.

Additional information about Benchmark is also available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Benchmark is 170525. The SEC’s web site also provides information about any persons affiliated with Benchmark who are registered, or are required to be registered, as Investment Adviser Representatives of Benchmark.

## Item 2 – Material Changes

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Since our last annual amendment filed on March 8, 2017 we have the following material change to disclose:

- We are now registered with and regulated by the Securities and Exchange Commission (“SEC”).
- We may use Millennium Trust Company or American Funds Distributors Inc. as the custodian for your account(s). See, Items 4 and 12 for additional information.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year end which is December 31st. We will provide other ongoing disclosure information about material changes as they occur. We will also provide you with information on how to obtain the complete brochure. Currently, our Brochure may be requested at any time, without charge, by contacting Rawles Bell at 214-474-2190 or at [info@benchmarkpwm.com](mailto:info@benchmarkpwm.com).

## Item 3 – Table of Contents

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<b>Item 2 – Material Changes</b> .....	<b>2</b>
<b>Item 3 – Table of Contents</b> .....	<b>3</b>
<b>Item 4 – Advisory Business Introduction</b> .....	<b>5</b>
Services .....	5
1. Asset Management .....	5
Third Party Money Managers.....	7
2. Financial Planning and Consulting Services.....	8
3. Retirement Plan Services .....	8
ERISA Fiduciary Services .....	9
Plan Structure.....	9
Investment Committee .....	9
Investment Policy Service.....	10
Investment Selection, Monitoring, and Replacement .....	10
Participant Meetings .....	11
Reporting.....	11
4. Sub-advisory Services .....	12
Other Services .....	12
<b>Item 5 – Fees and Compensation</b> .....	<b>12</b>
1. Asset Management Fee Schedule .....	12
2. Financial Planning/Consulting Fees.....	13
3. Retirement Plan Services Fees .....	14
4. Other Fees .....	15
<b>Item 6 – Performance Based Fee and Side by Side Management</b> .....	<b>15</b>
<b>Item 7 – Types of Client(s)</b> .....	<b>15</b>
<b>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss</b> .....	<b>15</b>
1. Fundamental Analysis .....	15
2. Modern Portfolio Theory (MPT).....	16
3. Risks.....	16
<b>Item 9 – Disciplinary Information</b> .....	<b>20</b>
<b>Item 10 – Other Financial Industry Activities and Affiliations</b> .....	<b>20</b>
1. Insurance Agents.....	20
2. Broker-Dealer Relationship .....	20
3. Other Affiliations .....	21

<b>Item 11 – Code of Ethics, Participation or Interest in Client Accounts and Personal Trading.....</b>	<b>21</b>
1. General Information.....	21
2. Participation or Interest in Client Accounts .....	21
3. Personal Trading.....	22
4. Privacy Statement .....	22
5. Conflicts of Interest.....	23
<b>Item 12 – Brokerage Practices .....</b>	<b>23</b>
1. Soft Dollars .....	23
2. Best Execution .....	24
3. Brokerage for Client Referrals.....	24
4. Directed Brokerage .....	24
5. Trading.....	24
Qualified Retirement Plan Trading.....	25
<b>Item 13 – Review of Accounts.....</b>	<b>25</b>
1. Reviews.....	25
2. Reports .....	25
<b>Item 14 – Client Referrals and Other Compensation .....</b>	<b>25</b>
<b>Item 15 – Custody .....</b>	<b>25</b>
Qualified Retirement Plan Custody.....	26
<b>Item 16 – Investment Discretion.....</b>	<b>26</b>
Qualified Retirement Plan Advisory Services.....	26
<b>Item 17 – Voting Client Securities .....</b>	<b>27</b>
<b>Item 18 – Financial Information.....</b>	<b>27</b>

## Item 4 – Advisory Business Introduction

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Benchmark Private Wealth Management (“Benchmark”, “we”, “us”, or “Adviser”) is a Registered Investment Adviser, which offers investment advice, securities, and other financial advisory services to clients. We are registered through and regulated by the Securities Exchange Commission.

We provide investment advice through Investment Adviser Representatives (“Advisor”) associated with us. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on our behalf. In addition, all advisors are required to have commensurate educational and industry experience.

Benchmark was founded in February 2014 as a subsidiary of Benchmark Bank. Wayne C. McCullough, CFP® serves as the Managing Director. Rawles Bell serves as the Chief Compliance Officer. We offer wealth management services that include financial planning, consulting and asset management services to individuals, high net worth individuals, corporations, small businesses, profit sharing or pension plans, trust accounts, estates, foundations, endowments, private investment funds, plan advisors or other types of sophisticated or accredited investors. Our minimum account opening balance is \$500,000 which may be negotiable based upon certain circumstances.

We also provide consulting and advisory services for employer-sponsored retirement plans in accordance with the Employee Retirement Income Security Act (“ERISA”). The services provided are ERISA 3(21) and 3(38) fiduciary services. When delivering ERISA services, we will perform these services for the retirement plan as a fiduciary under ERISA Sections 3(21) and 3(38), will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances.

Each aspect of the investment management and financial planning process for individual clients is tailored to the unique needs of our clients. For retirement plans, we tailor our services to the Investment Policy Statement (“IPS”) created for each plan client. We are committed to the precept that by placing the client’s interests first, we will add value to the asset management process and earn the client’s trust and respect. We value long term relationships with our clients whom we regard as strategic partners in our business.

### Services

As of December 31, 2017, we manage assets totaling \$151,654,155 of which \$28,274,957 is managed on a non-discretionary basis for 9 accounts and \$123,379,198 is managed on a discretionary basis for 136 accounts.

We do not participate in or receive compensation from wrap fee programs.

### 1. Asset Management

Asset management is the professional management of securities (stocks, bonds and other securities) and assets (e.g., real estate) in order to meet your specified investment goals. If you engage us to manage your assets, you will receive our Asset Management Agreement which describes what services you will

receive and what fees you will be charged. With an Asset Management Account, you engage us to assist you in developing a personalized asset allocation program and custom-tailored portfolio designed to meet your unique investment objectives. The investments in the portfolio account may include mutual funds, stocks, bonds, equity options, etc.

We will meet with you to discuss your financial circumstances, investment goals and objectives, and to determine your risk tolerance. We will ask you to provide statements summarizing current investments, income and other earnings, recent tax returns, retirement plan information, other assets and liabilities, wills and trusts, insurance policies, and other pertinent information. Based on the information you share with us, we will analyze your situation and recommend an appropriate asset allocation or investment strategy. Our recommendations and ongoing management are based upon your investment goals and objectives, risk tolerance, and the investment portfolio you have selected. We will monitor the account, trade as necessary, and communicate regularly with you. Your circumstances shall be monitored in quarterly and/or annual account reviews. These reviews will be conducted in person, or by telephone conference, based on individual preference.

You are obligated to notify us promptly when your financial situation, goals, objectives, or needs change.

You shall have the ability to impose reasonable restrictions on the management of your account, including the ability to instruct us not to purchase certain mutual funds, stocks or other securities. These restrictions may be a specific company security, industry sector, asset class, or any other restriction you request.

Under certain conditions, securities from outside accounts may be transferred into your advisory account; however, we may recommend that you sell any security if we believe that it is not suitable for the current recommended investment strategy. You are responsible for any taxable events in these instances. Certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is not indicative of future results.

We will help you open a custodial account(s). The funds in your account will generally be held in a separate account, in your name, at an independent custodian, not with us. You will enter into a separate custodial agreement with the custodian. This agreement, among other things, authorizes the custodian to take instructions from us regarding investment decisions for your account. The custodian will effect transactions, deliver securities, and make payments as requested. You are notified of any purchases or sales through trade confirmations and quarterly statements that are provided by the Custodian. These statements list the total value at the start of the quarter, itemize all transaction activity during the quarter, and list the types, amounts, and total value of securities held as of the end of the quarter. Your statement may be in either printed or electronic form based upon your preferences. You will at all times maintain full and complete ownership rights to all assets held in your account, including the right to withdraw securities or cash, proxy voting and receiving transaction confirmations.

Accounts may be managed on a discretionary or non-discretionary basis. If you give us discretionary authority we may determine the following without your consent:

- Securities to be bought or sold for your account

- Amount of securities to be bought or sold for your account
- Broker-dealer to be used for a purchase or sale of securities for your account
- Commission rates to be paid to a broker or dealer for your securities transaction

If you do not grant us discretionary authority over your account we cannot trade in your account without your express permission. We usually only have the ability to rebalance and reallocate your accounts on a quarterly basis, with your permission. The third party money managers we select may have discretion over your account. The Advisory Agreement details this in full.

Trading may be required to meet initial allocation targets, after substantial cash deposits that require investment allocation, and/or after a request for a withdrawal that requires liquidation of a position. Additionally, your account may be rebalanced or reallocated periodically in order to reestablish the targeted percentages of your initial asset allocation. This rebalancing or reallocation will occur on the schedule we have determined together. You will be responsible for any and all tax consequences resulting from any rebalancing or reallocation of the account. We are not tax professionals and do not give tax advice. However, we will work with your tax professionals to assist you with tax planning. You will have the opportunity to meet with us at least quarterly to review the assets in your account.

We are available during normal business hours either by telephone, fax, email, or in person by appointment to answer your questions.

### **Third Party Money Managers**

We may determine that opening an account with a professional third party money manager is in your best interests. We may utilize third party money managers that are available to us via third party money manager platforms made accessible to us by our relationships with service providers such as custodians or TAMPS.

These programs allow you to obtain portfolio management services that typically require higher minimum account sizes outside of this program. The money managers selected under these programs will have discretion to determine the securities they buy and sell within the account, subject to reasonable restrictions imposed by you. Due to the nature of these programs, each of the independent money managers is obligated to provide you with a separate disclosure document. You should carefully review this document for important and specific program details, including pricing.

Under these programs, we may:

- Assist in the identification of investment objectives
- Recommend specific investment style and asset allocation strategies
- Assist in the selection of appropriate money managers and review performance and progress
- Recommend reallocation among managers or styles within the program
- Recommend the hiring and firing of money managers utilized by you.

You should read the ADV Part 2 disclosure document of the money manager you select for complete details on the charges and fees you will incur.

## **2. Financial Planning and Consulting Services**

We provide comprehensive financial planning and consulting services. Fee based planning incorporates many different aspects of your financial status into an overall plan of recommendations that are designed to meet your goals and objectives. The planning relationship consists of face-to-face meetings and ad hoc meetings with your other advisors (attorneys, accountants, etc.).

In performing planning services, we typically examine and analyze your overall financial situation, which may include such issues as taxes, insurance needs, overall debt, credit, business planning, retirement savings, and reviewing your current investment program. We are also available to provide you with a second opinion of your existing portfolio. Our services may focus on all or only one of these areas depending upon the scope of our engagement with you. Other professionals are engaged directly by the client on an as-needed basis. It is our intent to offer a collaborative team of professionals working together for the client's best interests. Any perceived conflicts of interest will be disclosed up-front with the client in the unlikely event they should occur.

It is essential that you provide the information and documentation we request regarding your income, investments, taxes, insurance, estate plan, etc. We will discuss your investment objectives, needs and goals, but you are obligated to inform us of any changes. We do not verify any information obtained from you, your attorney, accountant or other professionals.

If you engage us to perform these services, you will receive a written agreement detailing the services, fees, terms and conditions of the relationship. You will also receive this Brochure. You may implement your recommendations through us or any financial organization of your choice.

## **3. Retirement Plan Services**

For our firm's Retirement Plan accounts, our service begins with an analysis of the current retirement plan structure, custodian, third-party administrator, daily record keeper, investments, managed investment models, and fees. The analysis is designed to determine if we are able to add value to the plan and what areas, if any, may be deficient from both a regulatory perspective and from a financial advisory perspective.

We will offer you one or more of the following services:

- Plan design and asset selection consultation
- Develop and annually review Investment Policy Statement ("IPS")
- Develop investment menu according to the IPS
- Review plan sponsor's stated financial criteria for each investment option
- Monitor each investment option according to the IPS
- Quarterly portfolio statements, rate of return reports, asset allocation statements
- Provide investment research and performance information on investment options



- Investment option replacement guidance
- Personal consultations with the plan sponsor as necessary
- Develop Plan Investment Committee Charter, as needed
- Fiduciary due diligence assistance
- Attendance at Plan Committee and other meetings
- Annual Fiduciary Plan Review
- Fiduciary education services to Plan Committee
- Participant education, guidance, and enrollment
- Vendor coordination assistance
- Benchmarking services

### **ERISA Fiduciary Services**

When delivering ERISA fiduciary services, we will perform those services for the retirement plan as a fiduciary under ERISA Section 3(21)(A)(ii) will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. In our capacity as a 3(21) plan fiduciary, we will conduct research to determine appropriate investment selections and allocations and to project potential ranges of returns and market values over various time periods and using various cash flows to assist the plan sponsor in determining the appropriate model(s) investment(s) for the retirement plan.

We also encourage plan sponsors to consult with other professional advisors since we do not provide tax or legal advice that may affect asset classes or allocations. We will apply any guidelines our client supplies, as directed, however, compliance with these restrictions or guidelines, is our client's responsibility.

### **Plan Structure**

We will assist our client in evaluating the current plan's structure to determine if a change in the design of the plan better suits the needs of plan participants. We will facilitate any changes with the appropriate parties including the third-party administrator, record keeper, and custodian as well as facilitating the execution of the required plan document amendments or new plan documents. However, we will not draft any amendments as an attorney or a TPA will need to perform this service.

### **Investment Committee**

We will assist you in the establishment of the Investment Committee (if a Committee is deemed appropriate) and the establishment of a formal investment committee charter, delineating committee responsibilities and fiduciary roles. We will also serve on the Committee in a non-fiduciary capacity if needed.

The Investment Committee may be charged with the fiduciary responsibility of the prudent management of the investment portfolio, selecting and retaining professional advisors to the portfolio including investment managers, investment consultants, custodians, attorneys, and clerical staff, and the establishment, execution, and interpretation of an Investment Policy Statement for the portfolio. We will assist the Investment Committee in meeting the committee's responsibilities according to the investment committee charter, and fulfilling its fiduciary duty to the plan, including their review of service providers,

third-party administration firms, daily record keeper, and custodian to ensure that their services, along with ours, remain competitive to other alternatives that are available to the client.

### **Investment Policy Service**

Benchmark's Investment Policy Service is designed to assist you in creating a written investment policy statement ("IPS") to document the plan's investment goals and objectives as well as certain policies governing the investment of assets. The IPS also identifies an investment strategy that seeks to attain the plan's goals. The service is generally designed for corporate retirement plans that are managed on a non-discretionary basis.

We will assist the Investment Committee with the establishment, execution, and interpretation of the Investment Policy Statement. The Investment Policy Statement serves as a guide to assist the Investment Committee in effectively supervising, monitoring, and evaluating the investment of the plan's assets. We will prepare a draft of the IPS based upon information furnished by you and your firm designed to profile various factors for the account such as investment objectives, risk tolerances, projected cash flow, and demographics of your retirement plan participants. It is the client's responsibility to provide all necessary information for the preparation of the IPS, particularly any limitations imposed by law or otherwise. This draft IPS is then submitted to you for review and approval. We recommend that your professional advisors, such as an attorney, actuary, and/or accountant, also review the IPS. The review and acceptance of the IPS is the responsibility of the plan fiduciary and your retirement program's governing entity.

Upon client's final approval, the IPS is ready to be sent to client's Investment Committee. It is client's responsibility to confirm the Investment Committee's acceptance of the IPS, and it is the Investment Committee's responsibility to adhere to the IPS in managing the retirement program. We encourage you to review accounts periodically to verify investment committee's compliance with the IPS.

The Investment Policy Statement will be reviewed at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving those objectives. However, the Investment Policy Statement is not expected to vary much from year to year and the IPS will not be updated to account for short term changes in market conditions or the economic environment.

### **Investment Selection, Monitoring, and Replacement**

We will conduct research to determine allocations and to project potential ranges of returns and market values over various time periods and using various cash flows. As the financial advisor to the Plan, we will assist the Investment Committee in selecting the non-managed investment line up including evaluating investment managers and mutual fund companies, individual mutual funds, and money market funds which may be retained or replaced.

The data used to select the investment options is based on estimated, forward-looking performance of various asset classes and subclasses to create forward looking capital markets assumptions (e.g., expected return, expected standard deviation, correlation, etc.). Past performance and the return estimates of the asset classes and the indices that correspond to these asset classes may not be representative of actual future performance. Actual results could differ, based on various factors including the expenses associated with the management of the portfolio, the portfolio's securities versus the securities comprising the various indices and general market conditions. Before a specific investment is selected,

other factors such as economic trends, which may influence the choice of investments and risk tolerance, should be considered. We have the responsibility and authority to recommend the investment line up including evaluating investment managers and mutual fund companies, individual mutual funds, and money market funds which may be retained or replaced. The plan sponsor has the responsibility and authority to make the final decision regarding what investments to include in the model portfolio and when to add or exclude a specific security.

It is client's responsibility to select the final mix and to determine whether to implement any strategy. We also encourage you to consult with your other professional advisors since Benchmark does not provide tax or legal advice that may affect asset classes or allocations used in the modeling. We will apply guidelines you supply, as directed; however, compliance with these restrictions or guidelines is client's responsibility.

We will also monitor the current non-managed investment line up including the investment's performance, performance compared to an applicable benchmark index, fees, management changes, style and fundamental investment strategy changes, and fund composition to determine if an investment no longer meets the criterion defined in the Investment Policy Statement. If the Investment Committee determines that a fund no longer meets the IPS criterion, we will advise the Investment Committee on possible alternatives and assist in the selection of a replacement investment.

If you decide to implement any of the firm's recommendations, we will help you open a custodial account(s) for the plan. The funds in this account will generally be held in a separate account, in the plan's name, at an independent custodian, not with us. We use TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC ("TD Ameritrade"), Charles Schwab, Millennium Trust Company, American Funds Distributors Inc. ("American Funds") or FolioFN as the custodian(s) and/or broker-dealer for all your accounts. The identity of your custodian will be communicated to you before the account is opened. The custodian will effect transactions, deliver securities, make payments, etc. You will at all times maintain full and complete ownership rights to all assets held in the account for the benefit of the plan participants.

We are available during normal business hours either by telephone, fax, email, or in person by appointment to answer your questions.

### **Participant Meetings**

We will conduct plan participant meetings when a change is made either to the structure of the plan or if the investment lineup changes as a result of the decisions of the Investment Committee. We will detail the changes being made, how it affects the current participants, review the current investment opportunities, how participants may make changes to their investment selections, and will answer any and all questions a participant may have. We will review with the participants how to select the investments.

### **Reporting**

We will send a quarterly performance report detailing the overall performance of the plan's assets and a detailed list of the investment holdings.

## **4. Sub-advisory Services**

There may be instances in which we will enter into an agreement with a sub-advisor who will provide 3(21) or 3(38) fiduciary services to the Plan. In those instances, in which we have entered into an agreement with a subadvisor to provide 3(21) fiduciary services, we will monitor the performance of the subadvisor and the products made available to the Plan. We will also make recommendations to change the subadvisor or products made available to the plan, if necessary. Your Retirement Plan Consulting Agreement will further describe the 3(21) or 3(38) fiduciary services that will be provided by Benchmark and/or a sub-advisor.

### **Other Services**

Our licensed insurance advisors may recommend and refer prospects and/or clients to certain insurance providers to fulfill a need in their overall financial plan. Neither Benchmark nor its parent company, Benchmark Bank, sell any insurance products. Benchmark, not individual advisors, may receive a referral fee from these insurance providers if the client and/or prospect chooses to purchase insurance products from them. The cost of the insurance product purchased will not be increased in any way due to this referral fee. Additionally, please note that any insurance products purchased from these insurance providers are not FDIC insured and are neither insured nor guaranteed by Benchmark Bank or Benchmark. You will not pay a separate fee for these and your advisory fee will not be reduced by any payments we receive from these sales.

## **Item 5 – Fees and Compensation**

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We provide our services for a fee. Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses. You may incur certain charges imposed by custodians, third party investment companies and other third parties. These include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, money market funds, and exchange-traded funds (ETFs) also charge internal management fees, which are disclosed in the fund's prospectus. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. We do not receive any compensation from these fees. All of these fees are in addition to the management fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay. Services similar to those offered by us may be available elsewhere for more or less than the amounts we charge.

You could invest in a mutual fund directly, without our services. In that case, you would not receive the services provided by us which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition and objectives. Our Advisory-Agreement/Financial-Planning-Agreement defines what fees are charged and their frequency.

### **1. Asset Management Fee Schedule**

Our minimum account opening balance is \$500,000 which may be negotiable under certain circumstances. The fee charged is based upon the amount of money you invest. Multiple accounts of

immediately-related family members, at the same mailing address, may be considered one consolidated account for billing purposes. Client fees are calculated on the average daily balance of the Client’s Account under management for the preceding quarter and are debited quarterly in advance, at the beginning of the next quarter. The Adviser’s asset-based fees are calculated based on the following tiered annual schedule (the “Adviser Fee”):

Percentage	Portfolio Size (AUM)
Up to 1.50%	0 - \$1,000,000
0.80-1.25%	\$1,000,001 - \$5,000,000
0.30-0.80%	\$5,000,001 - \$20,000,000
Negotiable	\$20,000,000+

No increase in the annual fee shall be effective without prior written notification to you, and your written approval. We believe our advisory fee is reasonable considering the fees charged by other investment advisers offering similar services/programs.

The fees we charge can be deducted directly from your account at the custodian. We will instruct the custodian to deduct the fees from your account at the beginning of the quarter. This fee will show up as a deduction on your following month's account statement from the custodian.

We bill fees in advance on a quarterly basis. You will authorize the custodian to directly debit fees from your account held at the custodian and to pay us. Management fees are prorated for each contribution and withdrawal made during the applicable calendar quarter (with the exception of small inconsequential contributions and withdrawals). You will be provided with a quarterly statement reflecting deduction of the advisory fees.

Either party may terminate the relationship with a thirty (30) day written notice. Upon termination of any account, any prepaid fees that are in excess of the management services performed will be promptly refunded to you. Any fees that are due, but have not been paid, will be billed to you and are due immediately.

## 2. Financial Planning/Consulting Fees

You may want us to create a financial plan for you. We will work with you to create the plan. We can provide analysis and recommendations for retirement needs, estate planning needs, income tax planning, life and disability insurance needs, investment needs, and college education planning. You can have us create a full financial plan or select any of the individual modules.

The fee for us to create a plan or provide analysis can range between \$100 and \$500 per hour which may be negotiable depending upon the nature and complexity of your circumstances. An estimate for total hours and actual hourly billing rate will be determined at the start of the advisory relationship and after the scope of the work is defined. Alternatively, Benchmark may provide these services for a fixed annual fee starting at a minimum price of \$1,000, which may be negotiable depending upon the nature and

complexity of the client's circumstances. The estimate for the fixed annual fee will be determined at the start of the advisory relationship and after the scope of the work is defined.

Based upon your needs, we may also provide consultations throughout the year to advise and counsel you about other financial issues. We can help you with transition planning, major transaction analysis, coordinated with cash flow needs, retirement needs, estate planning needs, income tax planning, life and disability insurance needs, investment needs, and college education planning.

If the plan is implemented through us, we may receive compensation from the sale of insurance products or advisory services recommended in the financial plan. This compensation would be in addition to the financial planning fee you pay. The fees and expenses you pay for the purchase of these products may be more or less than the expenses you would pay should you decide to implement our recommendations through another investment advisory firm or broker-dealer and are typically determined by the broker-dealer or investment company sponsoring the product. Therefore, a conflict of interest may exist between our interests and your interests since we may recommend products that pay us compensation. We may have an incentive to recommend particular products based upon the potential compensation rather than your needs. This potential conflict is addressed in our Code of Ethics.

The Financial Planning Agreement will show the fee you will pay. Hourly fees, project fees and retainer fees are charged in advance and are non-refundable. In the event that you cancel the Financial Planning Agreement, you will be responsible for the actual hours spent preparing the financial plan, up to the cancellation date, at the agreed upon hourly rate. A deposit of 50% of the fee is due at the time the agreement is signed. The remainder of the fee is due upon presentation of an investment plan or the rendering of consulting services. Investment plans will be presented to you within 90 days of the contract date, provided that all information needed to prepare the investment plan has been promptly provided to us. We do not accept prepayment of more than \$500 in fees per client, six months or more in advance. The financial planning agreement will terminate once you receive the final plan.

All recommendations developed by us are based upon our professional judgment. We cannot guarantee the results of any of our recommendations.

### **3. Retirement Plan Services Fees**

Benchmark's standard fee includes establishing your Investment Policy Statement, reviewing your plan structure, investment management, investment selection and monitoring, fund changes, participant education and reporting. Advisory fees for the plan are paid to us by the plan, or directly from the plan sponsor, or in some cases a combination of both. These fees are generally collected by the plan record keeper or vendor and paid directly to our firm. For initial and subsequent years, the fee paid for our services will be up to .50% of the assets under management. This fee includes services as an ERISA section 3(21) or 3(38) fiduciary with respect to client's plan.

The timing of fees paid is generally at the beginning of the upcoming month, based upon asset levels at the end of the preceding month. Benchmark's advisory agreement with each plan sponsor outlines the timing of fees collected and the process of fee remittal to our firm.

## **4. Other Fees**

Our licensed insurance advisors may recommend and refer prospects and/or clients to certain insurance providers to fulfill a need in their overall financial plan. Neither Benchmark nor its parent company, Benchmark Bank, sell any insurance products. Benchmark, not individual advisors, may receive a referral fee from these insurance providers if the client and/or prospect chooses to purchase insurance products from them. The cost of the insurance product purchased will not be increased in any way due to this referral fee. Additionally, please note that any insurance products purchased from these insurance providers are not FDIC insured and are neither insured nor guaranteed by Benchmark Bank or Benchmark.

While our Advisors endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving additional compensation creates a conflict of interest, and may affect the Advisor's judgment when making recommendations. We require that all Advisors disclose this conflict of interest when such recommendations are made. Also, we require Advisors to disclose that Clients may purchase recommended securities from other registered representatives not affiliated with us.

## **Item 6 – Performance Based Fee and Side by Side Management**

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We do not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7 – Types of Client(s)**

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We provide portfolio management services to individuals, high net worth individuals, corporations, small businesses, profit sharing or pension plans, trust accounts, estates, foundations, endowments, private investment funds, retirement plans, plan advisors or other types of sophisticated or accredited investors.

Our minimum account opening balance is \$500,000 which may be negotiable based upon certain circumstances.

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

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We use Fundamental Analysis and Modern Portfolio Theory is part of our overall investment management discipline; the implementation of these analyses as part of our investment advisory services to you may include any, all or a combination of the following:

### **1. Fundamental Analysis**

Fundamental analysis is a technique that attempts to determine a security's value by focusing on the underlying factors that affect a company's actual business and its future prospects. Fundamental analysis

is about using real data to evaluate a security's value. It refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.

The end goal of performing fundamental analysis is to produce a value that we can compare with the security's current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short).

In order to perform this fundamental analysis, we use many resources, such as:

- Morningstar
- Financial newspapers and magazines (e.g. Wall Street Journal, Forbes, etc.)
- Annual reports, prospectuses, filings with the Securities and Exchange Commission
- Company press releases and websites

The investment strategies we use to implement any investment advice given to you include, but are not limited to:

- Long term purchases - securities held at least a year
- Short term purchases - securities sold within a year

## **2. Modern Portfolio Theory (MPT)**

We use Modern Portfolio Theory to help select the funds we use in your account.

Modern portfolio theory tries to understand the market as a whole, rather than looking for what makes each investment opportunity unique. Investments are described statistically, in terms of their expected long-term return rate and their expected short-term volatility. The volatility is equated with "risk," measuring how much worse than average an investment's bad years are likely to be. The end goal is to identify your acceptable level of risk tolerance, and then to find a portfolio with the maximum expected return for that level of risk.

## **3. Risks**

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to handle. You need to understand that investment decisions made for your account by us are subject to various market, currency, economic, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

A list of all risks associated with the strategies, products and methodology we offer are listed below:

### **1. Alternative Investment Risk**

Investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:



- Loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices
- Lack of liquidity in that there may be no secondary market for the fund and none expected to develop
- Volatility of returns
- Absence of information regarding valuations and pricing
- Delays in tax reporting
- Less regulation and higher fees than mutual funds.

## 2. Bond Fund Risk

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields of the risks associated with bond funds include:

- Call Risk - The possibility that falling interest rates will cause a bond issuer to redeem—or call—its high-yielding bond before the bond's maturity date.
- Credit Risk — the possibility that companies or other issuers whose bonds are owned by the fund may fail to pay their debts (including the debt owed to holders of their bonds). Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.
- Interest Rate Risk — the risk that the market value of the bonds will go down when interest rates go up. Because of this, you can lose money in any bond fund, including those that invest only in insured bonds or Treasury bonds.
- Prepayment Risk — the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off (or "retire") its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

## 3. Fundamental Analysis Risk

Fundamental analysis, when used in isolation, has a number of risks:

- There are an infinite number of factors that can affect the earnings of a company, and its stock price, over time. These can include economic, political and social factors, in addition to the various company statistics.
- The data used may be out of date.
- It is difficult to give appropriate weightings to the factors.
- It assumes that the analyst is competent.
- It ignores the influence of random events such as oil spills, product defects being exposed, and acts of God and so on.

## 4. Insurance Product Risk

The rate of return on variable insurance products is not stable, but varies with the stock, bond and money market subaccounts that you choose as investment options. There is no guarantee that you will earn any return on your investment and there is a risk that you will lose money. Before you consider purchasing a variable product, make sure you fully understand all of its terms. Carefully read the prospectus. Some of the major risks include:

- **Liquidity and Early Withdrawal Risk** – There may be a surrender charges for withdrawals within a specified period, which can be as long as six to eight years. Any withdrawals before a client reaches the age of 59 ½ are generally subject to a 10 percent income tax penalty in addition to any gain being taxed as ordinary income.
- **Sales and Surrender Charges** – Asset-based sales charges or surrender charges. These charges normally decline and eventually are eliminated the longer you hold your shares. For example, a surrender charge could start at 7 percent in the first year and decline by 1 percent per year until it reaches zero.
- **Fees and Expenses** – There are a variety of fees and expenses which can reach 2% and more such as:
  - Mortality and expense risk charges
  - Administrative fees
  - Underlying fund expenses
  - Charges for any special features or riders.
- **Bonus Credits** – Some products offer bonus credits that can add a specified percentage to the amount invested ranging from 1 percent to 5 percent for each premium payment. Bonus credits, however, are usually not free. In order to fund them, insurance companies typically impose high mortality and expense charges and lengthy surrender charge periods.
- **Guarantees** – Insurance companies provide a number of specific guarantees. For example, they may guarantee a death benefit or an annuity payout option that can provide income for life. These guarantees are only as good as the insurance company that gives them.
- **Market Risk** – The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- **Principal Risk** – The possibility that an investment will go down in value, or "lose money," from the original or invested amount.

## 5. Mutual Funds Risk

The following is a list of some general risks associated with investing in mutual funds.

- **Country Risk** - The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline.

- Currency Risk -The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.
- Income Risk - The possibility that a fixed-income fund's dividends will decline as a result of falling overall interest rates.
- Industry Risk - The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.
- Inflation Risk - The possibility that increases in the cost of living will reduce or eliminate a fund's real inflation-adjusted returns.
- Manager Risk -The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of stated objectives.
- Market Risk -The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- Principal Risk -The possibility that an investment will go down in value, or "lose money," from the original or invested amount.

## 6. Overall Risks

- Clients need to remember that past performance is no guarantee of future results. All funds carry some level of risk. You may lose some or all of the money you invest, including your principal, because the securities held by a fund goes up and down in value. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.
- Before you invest, be sure to read a fund's prospectus and shareholder reports to learn about its investment strategy and the potential risks. Funds with higher rates of return may take risks that are beyond your comfort level and are inconsistent with your financial goals.
- While past performance does not necessarily predict future returns, it can tell you how volatile (or stable) a fund has been over a period of time. Generally, the more volatile a fund, the higher the investment risk. If you'll need your money to meet a financial goal in the near-term, you probably can't afford the risk of investing in a fund with a volatile history because you will not have enough time to ride out any declines in the stock market.

## 7. Stock Fund Risk

Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services.

## Item 9 – Disciplinary Information

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Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We do not have any information to disclose concerning Benchmark or any of our investment advisors. We adhere to high ethical standards for all advisors and associates. We strive to do what is in your best interests.

## Item 10 – Other Financial Industry Activities and Affiliations

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The investment adviser representatives of Benchmark have the following outside business activities and/or affiliations to disclose:

### 1. Insurance Agents

Wayne C. McCullough, CFP®, a Managing Director for Benchmark, is a licensed insurance agent/broker in the State of Texas. The recommendation of insurance products may account for approximately 5 percent of his time.

Rawles F. Bell, an Investment Adviser Representative with Benchmark, is a licensed insurance agent/broker with the State of Texas. The recommendation of insurance products may account for approximately 5 percent of his time.

Wayne C. McCullough, CFP® and Rawles F. Bell may recommend insurance products and refer Clients to insurance providers who sell insurance. When such recommendations or sales are made, a conflict of interest could exist as the Insurance licensed Investment Adviser Reps may earn insurance referrals for the sale of those products, which may create an incentive to recommend such products. We require that all Investment Adviser Reps disclose this potential conflict of interest when such recommendations are made. Also, we require all Investment Adviser Reps to disclose that Clients are under no obligation to purchase recommended products and may purchase recommended insurance products from other insurance providers.

Neither Benchmark nor its parent company, Benchmark Bank, sell any insurance products. Benchmark may receive a referral fee from these insurance providers if the client and/or prospect chooses to purchase insurance products from them. The cost of the insurance product purchased will not be increased in any way due to this referral fee. Additionally, please note that any insurance products purchased from these insurance providers are not FDIC insured and are neither insured nor guaranteed by Benchmark Bank or Benchmark.

### 2. Broker-Dealer Relationship

Wayne C. McCullough, CFP® and Rawles F. Bell are registered representatives of Innovation Partners LLC. They may recommend securities products that will pay them a commission through their broker-dealer relationship. When such recommendations or sales are made, a conflict of interest exists as the registered

representatives may receive more commissions from the sale of these products than from providing you with advisory services. We require that all Investment Adviser Representatives disclose this conflict of interest when such recommendations are made. We also require Investment Adviser Representatives to disclose to Clients that they may purchase recommended products from other representatives not affiliated with us. Our Code of Ethics requires our investment adviser representatives do what is in the client's best interests at all times. Our CCO monitors all transactions to ensure that representatives put their clients first, not the commission they may receive. The broker-dealer also monitors all transaction to make certain they are suitable for the client.

Please note, this activity will account for less than 5 percent of their time and was chiefly undertaken as a convenience to clients with existing commissionable securities in their portfolio that they wish us to manage. In cases where costs and fees allow, we may recommend changing the investor class of the security or selling the security outright in order to bring the Client's assets into the fee-based Registered Investment Advisor which is our primary focus.

### **3. Other Affiliations**

As previously mentioned, Benchmark is a subsidiary of Benchmark Bank. Given this relationship, a conflict of interest exists wherein there may be incentive for Benchmark Investment Advisor Reps to recommend Benchmark Bank for banking services and products. As such, we require that all Investment Adviser Reps disclose this conflict of interest when such recommendations are made. Also, we require Investment Adviser Reps to disclose that Clients may purchase recommended banking services and products from other banks not affiliated with us.

Wayne C. McCullough, CFP® is an investor and owner of Crossfit Katy Trail LP. Crossfit Katy Trail, LP is a crossfit gym and Mr. McCullough, CPF® promotes the business from time to time. Crossfit Katy Trail, LP is not investment related. This accounts for approximately less than 5% of his time.

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

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### **1. General Information**

We have adopted a Code of Ethics for all supervised persons of the firm describing its high standards of business conduct, and fiduciary duty to you, our client. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All of our supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

### **2. Participation or Interest in Client Accounts**

Our Compliance policies and procedures prohibit anyone associated with Benchmark from having an interest in a client account or participating in the profits of a client's account without the approval of the CCO.

We may recommend securities to you that we have purchased for our own accounts. We may trade securities in our account that we have recommended to you as long as we place our orders after your Orders. This policy is meant to prevent us from benefiting as a result of transactions placed on behalf of advisory accounts.

The following acts are prohibited:

- Employing any device, scheme or artifice to defraud
- Making any untrue statement of a material fact
- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading
- Engaging in any fraudulent or deceitful act, practice or course of business
- Engaging in any manipulative practices

You may request a copy of the firm's Code of Ethics by contacting Rawles Bell.

### **3. Personal Trading**

We may recommend securities to you that we will purchase for our own accounts. We may trade securities in our account that we have recommended to you as long as we place our orders after your orders. This policy is meant to prevent us from benefiting as a result of transactions placed on behalf of advisory accounts.

We have established the following restrictions in order to ensure our fiduciary responsibilities to you are met:

- No securities for our personal portfolio(s) shall be bought or sold where this decision is substantially derived, in whole or in part, from the role of Investment Advisory Representative(s) of Benchmark, unless the information is also available to the investing public on reasonable inquiry. In no case, shall we put our own interests ahead of yours.

However, some securities trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with our records as required.

Certain affiliated accounts may trade in the same securities with your accounts on an aggregated basis when consistent with our obligation of best execution. When trades are aggregated, all parties will share the costs in proportion to their investment. We will retain records of the trade Order (specifying each participating account) and its allocation. Completed Orders will be allocated as specified in the initial trade order. Partially filled Orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

### **4. Privacy Statement**

We are committed to safeguarding your confidential information and hold all personal information provided to us in the strictest confidence. These records include all personal information that we collect

from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal with to restrict the use of your information. Our Privacy Policy is available upon request.

## **5. Conflicts of Interest**

Wayne C. McCullough, CFP® and Rawles Bell may employ the same strategy for their personal investment accounts as they do for their clients. However, they do not place their orders in a way to benefit from the purchase or sale of a security.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interests of all the accounts we advise.

## **Item 12 – Brokerage Practices**

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### **1. Soft Dollars**

Custodians may provide us with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act"). These research products and/or services will assist the Advisor in its investment decision making process. Such research generally will be used to service all of the Advisor's clients, but brokerage commissions paid by the client may be used to pay for research that is not used in managing the client's account. The account may pay to a broker-dealer a commission greater than another qualified broker-dealer might charge to effect the same transaction where the Advisor determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

Because soft dollar benefits could be considered to provide a benefit to the adviser that might cause the client to pay more than the lowest available commission without receiving the most benefit, they are considered a conflict of interest in recommending or directing custodial and third party managerial services. Benchmark mitigates these conflicts of interest through strong oversight of soft-dollar arrangements by the Chief Compliance Officer, in order to assure that the soft dollar benefits serve the best interests of the client.

There may other benefits from recommending certain Custodians such as software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Other services may include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service

providers who provide a wide array of business related services and technology with whom Benchmark may contract directly. Benchmark may receive seminar expense reimbursements from product sponsors which may be based on the sales of products to their clients.

## **2. Best Execution**

We have an obligation to seek best execution for you. In seeking best execution, the determinative factor is not the lowest possible commission 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, reputation and responsiveness. Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for account transactions.

## **3. Brokerage for Client Referrals**

We do not receive any compensation or incentive for referring you to broker-dealers for brokerage trades.

## **4. Directed Brokerage**

Not all advisory firms require you to direct brokerage to a specific broker-dealer or custodian. We have an obligation to seek best execution for you. In seeking best execution, the determinative factor is not the lowest possible commission 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. Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for account transactions.

By directing brokerage to certain custodians, you may pay higher fees or transaction costs than those obtainable by other broker-dealers or custodians. In most cases, we believe you are paying a discounted and reasonable rate.

If you elect to select your own broker-dealer or custodian and direct us to use them, you may pay higher or lower fees than what is available through our relationships. Generally, we will not negotiate lower rates below the rates established by the executing broker-dealer or custodian for this type of directed brokerage account, unless we believe that such rate is unfair or unreasonable for the size and type of transaction.

## **5. Trading**

Transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or "batch" such Orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our clients' differences in prices and commission or other transaction costs. Under this procedure, transactions will be price-averaged and allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day.

Transactions placed in an asset management account by a third party manager will be executed through their broker-dealer or custodian. In determining best execution for these transactions, the third party manager is looking at 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. While they look for competitive commission rates, they may not obtain the lowest possible commission rates for account transactions. The aggregation and allocation practices of mutual funds and third party managers that we recommend to you are disclosed in the respective mutual fund prospectuses and third party manager disclosure documents which will be provided to you.

### **Qualified Retirement Plan Trading**

We do not accept trading authorization with respect to any participants' plan account.

## **Item 13 – Review of Accounts**

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### **1. Reviews**

Reviews are conducted at least annually or as agreed to by us. Reviews will be conducted by our Chief Compliance Officer, Rawles Bell. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, we will monitor for changes and shifts in the economy, changes to the management and structure of a mutual fund or company in which client assets are invested, and market shifts and corrections.

### **2. Reports**

You will be provided with account statements reflecting the transactions occurring in the account on at least a quarterly basis. These statements will be written or electronic depending upon what you selected when you opened the account. You will be provided with paper confirmations for each securities transaction executed in the account. You are obligated to notify us of any discrepancies in the account(s) or any concerns you have about the account(s).

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

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We do not receive any compensation for referring clients to another advisor nor do we pay any compensation to another advisor if they refer clients to us.

## **Item 15 – Custody**

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We do not have physical custody of any accounts or assets. However, we may be deemed to have custody of your account(s) if we have the ability to deduct your quarterly fees from the custodian. As part of either a third party management platform or through a direct relationship with a custodian, we may use the following institutions: TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC ("TD Ameritrade"), Charles Schwab, Millennium Trust Company, American Funds or FolioFN as the custodian(s) and/or broker-dealer for all your accounts. We may use other custodians for retirement plan

accounts. You should receive at least quarterly statements from the broker-dealer or custodian that holds and maintains your investment assets. We urge you to carefully review such statements and compare this official custodial record to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. If you notice any discrepancies, please contact Rawles Bell, CCO.

We do not debit the client fees directly from your advisory account. We send information to your custodian to debit your fees and to pay them to us. You authorized the custodian to pay us directly at the onset of the relationship.

### **Qualified Retirement Plan Custody**

We do not have actual or constructive custody of any client's account. We do not have the ability to deduct fees directly from the plan accounts.

## **Item 16 – Investment Discretion**

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We usually receive discretionary authority from you at the beginning of an advisory relationship to select the identity and amount of securities to be bought or sold. This information is described in the Advisory Agreement you sign with us. In all cases, however, this discretion is exercised in a manner consistent with your stated investment objectives for your account.

When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions you have set. For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

We require that any investment guidelines and/or restrictions be provided to us in writing.

If we do not receive discretionary authority from you to select the type of securities and amount of securities to be bought or sold, then we usually only have the ability to rebalance and reallocate your accounts on a quarterly basis, with your permission. The third party money manager and/or custodians may have discretion over your account.

### **Qualified Retirement Plan Advisory Services**

Our recommendations regarding our 3(21) qualified retirement plan consulting services are made on a non-discretionary basis. The plan sponsor retains the decision-making authority over the plan. When recommending securities, we observe the investment policies, limitations, and restriction set by the plan and plan sponsor. Our investment decisions regarding our 3(38) qualified retirement plan consulting services are made on a discretionary basis.

## **Item 17 – Voting Client Securities**

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As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. We may provide advice to you regarding your voting of proxies. We are authorized to instruct the custodian to forward you copies of all proxies and shareholder communications relating to your account assets.

## **Item 18 – Financial Information**

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We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings. In no event shall we charge advisory fees that are both in excess of five hundred dollars and more than six months in advance of advisory services rendered.