Item 1. **Cover Page**

<u>DISCLOSURE BROCHURE</u>
(FORM ADV: PART 2A)

RESOURCE CONSULTING GROUP, INC.

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This Brochure provides information about the qualifications and business practices of Resource Consulting Group Inc. If you have any questions about the contents of this Brochure, please contact us at: (407) 422-0252, or by email at: mikem@resourceconsulting.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. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

Additional Information about Resource Consulting Group, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

September 20, 2021

RESOURCE CONSULTING GROUP

Please retain a copy of this Brochure for your records.

Item 2. Material Changes

There have been no material changes to this ADV Part 2A Brochure since the March 8, 2020 annual update filing.

Resource Consulting Group Inc.'s Chief Compliance Officer, Michael T. Masur, remains available to address any questions about this Brochure.

Item 3. Table of Contents

Item 4. Advisory Business

Firm Description

Resource Consulting Group, Inc. ("Adviser"), a Florida corporation founded in 1988 by Michael H. Davis, CFP®, is a fee-only financial planning and investment advisory firm that provides a variety of goal-planning and investment advisory services to clients.

Principal Owner

Adviser has been independently owned and operated since it was founded in 1988. Michael H. Davis, CFP® is Adviser's principal owner.

Types of Advisory Services

Adviser provides financial planning and investment advisory services to clients based on their specific and individual needs. For financial planning clients, Adviser provides a broad-based financial plan, including analysis of the client's present financial situation, formulation of a written financial plan and documentation of specific recommendations, all within the scope agreed upon in advance with the client. Adviser provides investment advisory services on a discretionary basis and these services may or may not be provided in conjunction with financial planning services.

All clients and entities seeking to begin a financial planning and investment management relationship with Adviser are required to sign an Advisory Agreement. The Advisory Agreement establishes the fiduciary relationship between Adviser and the client. Adviser and client will establish the client's investment goals in an "Investment Policy Statement" approved by client, which details the investment management procedures of Adviser, the long-term investment goals of the client, and serves as Adviser's framework for investing. Next, Adviser will allocate investment assets consistent with the Investment Policy Statement. Once allocated, Adviser provides ongoing monitoring and review of account performance and asset allocation as compared to the client's investment goals, and may periodically execute account transactions based on those reviews or upon other triggering events. Clients may establish restrictions on investing in certain types of securities in the Investment Policy Statement.

Miscellaneous Disclosures

<u>Disclosure Brochure</u>. A copy of Adviser's written Brochure as set forth on Part 2 of Form ADV will be provided to each client prior to, or contemporaneously with, the execution of the Advisory Agreement.

<u>Retirement Plan Rollovers – No Obligation / Conflict of Interest</u>. 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 Adviser recommends that a client roll over their retirement plan assets into an account to be managed by Adviser, such a recommendation creates a conflict of interest if Adviser will earn a new (or increase its current) advisory fee as a result of the rollover. No client is under any obligation to roll over retirement plan assets to an account managed by Adviser.

<u>Cash Positions</u>. Adviser may hold a portion of client's assets in cash or cash equivalent positions (such as but not limited to money market funds) typically for defensive and liquidity purposes. Investments in these assets may cause a client to miss upswings in the markets. Unless Adviser expressly agrees otherwise in writing, account assets consisting of cash and cash equivalent positions are included in the value of an account's assets for purposes of calculating Adviser's advisory fee. A client can advise Adviser not to maintain (or to limit the amount of) cash or cash equivalent positions in their account.

Portfolio Trading Activity / Inactivity. As part of its investment advisory services, Adviser will review client portfolios on an ongoing basis to determine if any trades are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when Adviser determines that trades within a client's portfolio are not prudent. Clients nonetheless remain subject to the fees described in Item 5 during periods of portfolio trading inactivity.

Availability of Mutual Funds. While Adviser may recommend allocating investment assets to mutual funds that are not available directly to the public, Adviser may also recommend that clients allocate investment assets to publicly available mutual funds that the client could obtain without engaging Adviser as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly available mutual funds without engaging Adviser as an investment advisor, the client or perspective client would not receive the benefit of Adviser's initial and ongoing investment advisory services. Please also refer to Item 8 below with respect to mutual funds offered by Dimensional Fund Advisors.

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. To the extent requested by a client, Adviser may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Adviser does not serve as a law firm, accounting firm, or insurance agency, and no portion of Adviser's services should be construed as legal, accounting, or insurance implementation services. Accordingly, Adviser does not prepare estate planning documents, tax returns or sell insurance products. Unless specifically agreed in writing, neither Adviser nor its representatives are responsible to implement any financial plans or financial planning advice; provide ongoing financial planning services; or provide ongoing monitoring of financial plans or financial planning advice. To the extent requested by a client, Adviser may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). Clients are reminded that they are under no obligation to engage the services of any such recommended professional, who shall be solely responsible for the quality and competency of the services they provide. The client retains absolute discretion over all implementation decisions described above and is free to accept or reject any recommendation made by Adviser or its representatives in that respect. If the client engages any unaffiliated recommended professional, and a dispute arises related to the engagement, the client should seek recourse exclusively from and against the engaged professional.

Cybersecurity Risk. The information technology systems and networks that Adviser and its third-party service providers use to provide services to Adviser's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Adviser's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Adviser are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Adviser has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that Adviser does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

Client Obligations. In performing its services, Adviser will not be required to verify any information received from the client or from other professionals assisting the client, and is expressly authorized to rely thereon. Clients are responsible to promptly notify Adviser if there is ever any change their financial situation or investment goals for the purpose of reviewing, evaluating, or revising Adviser's previous recommendations or services.

Margin / Securities Based Loans. Upon client request, Adviser may recommend or provide information about the establishment of a margin loan or a securities-based loan (collectively, "SBLs") with the client's broker-dealer/custodian or their affiliated banks (each, an "SBL Lender") to access cash. Unlike a real estate-backed loan, SBLs can potentially enable borrowers to access funds in a shorter period of time, provide greater repayment flexibility, and may result in the borrower receiving certain tax benefits. Clients interested in learning more about the potential tax benefits of borrowing money on margin should consult with an accountant or tax advisor. The terms and conditions of each SBL are contained in a separate agreement between the client and the SBL Lender selected by the client, which terms and conditions may vary from client to client. Borrowing funds on margin is not suitable for all clients and is subject to certain risks, including but not limited to increased market risk; increased risk of loss, especially in the event of a significant downturn; liquidity risk; the potential obligation to post collateral or repay the SBL if the SBL Lender determines that the value of collateralized securities is no longer sufficient to support the value of the SBL; the risk that the SBL Lender may liquidate the client's securities to satisfy its demand for additional collateral or repayment / the risk that the SBL Lender may terminate the SBL at any time. Before agreeing to participate in an SBL program, clients should carefully review the applicable SBL agreement and all risk disclosures provided by the SBL Lender including the initial margin and maintenance requirements for the specific program in which the client enrolls, and the procedures for issuing "margin calls" and liquidating securities and other assets in the client's accounts. As a fiduciary, Adviser will consider the client's benefits over their own, such as tax impact and long term growth opportunity costs. If Adviser recommends that a client apply for an SBL instead of selling securities that Adviser manages for a fee to meet liquidity needs, the recommendation presents an ongoing conflict of interest because selling those securities (instead of leveraging those securities to access an SBL) would reduce the amount of assets to which the Adviser's investment advisory fee percentage is applied, and thereby reduce the amount of investment advisory fees collected by the Adviser. Likewise, the same ongoing conflict of interest is present if a client determines to apply for an SBL on their own initiative. These ongoing conflicts of interest would continue in effect as long as Adviser has an economic disincentive to recommend that the client terminate the use of SBLs. Clients are therefore reminded that they are not under any obligation to employ the use of SBLs, and are solely responsible for determining when to use, reduce, and terminate the use of SBLs. Although Adviser seeks to disclose all conflicts of interest related to its recommended use of SBLs and related business practices, there may be other conflicts of interest that are not identified above. Clients are therefore reminded to carefully review the applicable SBL agreement and all risk disclosures provided by the SBL Lender as applicable, and contact the Adviser's Chief Compliance Officer with any questions regarding the use of SBLs.

Asset Aggregation / Reporting Services. Adviser may provide access to reporting services through one or more third-party aggregation / reporting platforms that can reflect all of the client's investment assets, including those investment assets that the client has not engaged Adviser to manage (the "Excluded Assets"). Adviser's service for the Excluded Assets is strictly limited to reporting, and specifically excludes investment management or implementation. Because Adviser does not have trading authority for the Excluded Assets, the client (and/or another investment professional), and not Adviser, shall be exclusively responsible for directly implementing any recommendations for the Excluded Assets. Further, the client and/or their other advisors that maintain trading authority, and not Adviser, shall be exclusively responsible for the investment performance or related activity (such as timing and trade errors) pertaining to the Excluded Assets. The third-party aggregation / reporting platforms may also provide access to financial planning information and applications, which should not be construed as services, advice, or recommendations provided by Adviser. Accordingly, Adviser shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the third party reporting platforms without Adviser's participation or oversight.

Wrap Fee Programs

Adviser does not participate in a wrap fee program.

Client Assets Under Management

As of December 31, 2020, Adviser had $ 2,193,422,143 in assets under management on a discretionary basis.

Item 5. Fees and Compensation

Description

Adviser is a ***fee-only*** financial planning and investment advisory firm. As a fee-only firm, Adviser sells no products and is only compensated by the fees paid by its clients. Annual fees may be fixed or calculated as a percentage of assets under management. Annual fee percentages are based on total assets under management and fees are reduced as assets increase. As of the date of this brochure, Adviser's standard fee schedules are as follows:

For investment advisory services, Adviser charges an annual fee based on assets under management:
Portion of assets up to $1,000,000 - .90%
Portion of assets between $1,000,000 and $10,000,000 - .50%
Assets in excess of $10,000,000 - .25%

For financial planning services, Adviser will charge a fee based on the complexity of the situation and will be determined in advance of the engagement. Subsequently, the first annual financial planning update fee is based on 40% of the initial financial planning fee. Each subsequent year, the financial plan update fee will be increased by three percent (3%) rounded to the nearest one hundred dollar ($100.00) increment.

Adviser's fees may be negotiated or waived in certain circumstances depending upon such factors as: anticipated future earning capacity, the level and scope of services required, anticipated future additional assets, dollar amount of assets to be managed, related accounts and account composition.

Adviser does not receive any fees that are commission-based (such as sales charges, brokerage commissions or 12b-1 fees from mutual funds) or performance-based fees.

Fee Billing

Fees are billed quarterly in advance, based on an annual fee and the assets under management as of the last day of the prior calendar quarter. Adviser prorates fees on deposits and withdrawals that are $500,000 or more during the quarter. Investment advisory fees may be paid directly by the client or by the custodian holding the client's funds and securities. When payment is made by the custodian, the client must provide written authorization permitting the fees to be paid directly from the client's account held by the independent custodian. This authorization is typically included in the standard Advisory Agreement. Adviser will send to the client a bill showing the amount of the fee, the value of the client's assets on which the fee was based, and the specific manner in which the fee was calculated. The custodian will send to the client a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to Adviser. Adviser's quarterly statement will encourage clients to compare Adviser's statement with statements received from their custodian. It is the client's responsibility to review fee deductions to ensure they are correct, as the client's custodian will not do so.

Other Fees & Expenses

Adviser's philosophy is to design a structured diversified client portfolio comprised of institutional mutual funds with low expense ratios. Adviser does not recommend any mutual funds with "loads" or sales charges attached to the fund. However, broker-dealers charge brokerage commissions and/or transaction fees according to their fee schedule for effecting certain securities transactions, and they or their affiliated custodians also impose charges for custodial services / fees associated with maintaining the client's account. The Adviser's fees do not include custodial fees or brokerage commissions or other transaction costs, if any, charged by client's custodian and broker-dealer. Adviser does not determine or receive any of these fees or commissions. Please refer to Item 12 for additional information regarding Brokerage Practices.

Termination of Advisory Agreement

Upon termination of the Advisory Agreement by either party upon written notice to the other party, a pro rata portion of all advisory fees that were paid, but not yet earned as of the date of termination, will be refunded to the client promptly. A client may cancel within five business days of entering a written agreement with Adviser without payment of any fees or penalties.

Item 6. Performance Based Fees and Side by Side Management

Adviser does not charge any performance-based fees.

Item 7. Types of Clients

Adviser provides financial planning, advisory services, and investment management to individuals, high net worth individuals, and institutional clients such as pension or profit sharing plans, trusts, estates, and charitable organizations, corporations, and other business entities. Adviser generally requires a minimum account size of $1,000,000. Adviser, in its discretion, may accept accounts with assets below $1,000.000. The minimum annual investment advisory fee is $9,000. However, the minimum annual investment advisory fee requirement is waived for the first six months of a financial planning engagement. Certain clients may be subject to lower minimum annual fees. The application of the minimum annual investment advisory fee on accounts valued at under $1,000,000 will cause their investment advisory fee percentage to be higher than as shown in the standard fee schedule.

Item 8. Method of Analysis, Investment Strategies and Risk of Loss

Adviser employs a wide range of methods to manage portfolios and evaluate investments. Adviser utilizes an investment approach based on Modern Portfolio Theory. Modern Portfolio Theory refers to the process of maximizing a portfolio's expected return for each given amount of portfolio risk through systematic diversification across asset classes and within those particular asset classes. Adviser develops an asset allocation model consistent with the client's financial objectives, time horizon, and tolerance for risk. Adviser adheres to the passive style of investing and, thus, typically recommends allocating assets among commingled investment vehicles, including indexed and passive mutual funds and investment trusts. Although adequate diversification is the primary goal, keeping client's investment fees, expenses and taxes under control are a top priority in Adviser's investment strategy.

When making investment decisions, Adviser relies on academic-based research and historical data accessed through databases including but not limited to, Dimensional Fund Advisors ("DFA") and Morningstar, Inc.

Adviser analyzes mutual funds recommended to clients based on a fund's structure, relative performance among its peer group, total operating expense ratio, portfolio turnover, investment objective and investment restrictions and limitations. Adviser typically recommends that clients invest in no-load funds advised by DFA or Vanguard that have low operating expenses, low portfolio turnover, below average capital gains distributions and a demonstrated expertise and focus in each particular asset class. DFA funds generally are available for investment only by clients of registered investment advisers, and all investments are subject to approval of the adviser. This means that you may not be able to make additional investments in DFA funds if you terminate your agreement with Adviser, except through another adviser authorized by DFA.

Adviser believes in diversified asset class exposure obtained primarily through a diversified mix of low cost mutual funds that represent desired asset classes. Mutual funds recommended by Adviser typically invest in some or all of the following types of securities:

- U.S. stocks of any market capitalization
- Foreign stocks, including emerging markets
- Investment grade fixed income securities, including debt of U.S. and foreign corporations and sovereign debt
- U.S. Government and Government agency securities
- Real estate investment trusts (domestic and foreign)

Adviser generally recommends open-end mutual funds to implement a client's portfolio. These underlying funds may, in turn, invest in a broad range of equity and fixed income securities, including foreign securities and securities of issuers located in emerging markets. Underlying funds may also invest in equity securities of any market capitalization including micro-, small- and mid-cap companies, real estate, commodities-related assets, fixed income securities of any maturity or credit quality, including high-yield, high-risk debt securities, and they may engage in leveraged or derivative transactions. Adviser has no control over the investment strategies, policies or decisions of the underlying funds and its only option would be to liquidate clients' investments in an underlying fund in the event of dissatisfaction with the fund.

Principal Investment Strategies

Asset allocation models are set forth in the client's Investment Policy Statement. Adviser primarily recommends low cost mutual funds for the reason that mutual funds can provide a diversified portfolio that is designed to limit the impact of large fluctuations in values of individual stocks and bonds. Mutual funds do not offer protection from market volatility. At times, different funds may be recommended to improve current client portfolios. Upon the request of a client, Adviser may provide a limited review of client assets for which it does not have discretionary authority in the context of the overall plan. Adviser invests for the long-term and does not engage in market timing.

Adviser may give advice and take action with respect to other clients that is different from the advice, timing, and nature of action taken with respect to your account. Timing, allocation, and types of investments are determined as part of each client's overall financial objectives.

Principal Risks

Adviser's primary goal for investing is to help the client maintain purchasing power over the long term. This may result in short term variability and loss of principal. Time horizon and need for risk are key determinates of the proper asset allocation. Adviser's approach focuses on taking appropriate risks for which clients are compensated (i.e. market risk) and seeking to limit or eliminate risks that do not provide compensation over the long term (i.e. individual stock risk).

Investing in securities involves risk of loss that clients should be prepared to bear. Adviser cannot guarantee that it will achieve a client's investment objective. Client's returns will fluctuate, and you may lose money by investing. Below are some more specific risks of investing:

- **Market Risk**. The prices of securities held by mutual funds in which clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by the fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Clients should have a long-term perspective and be able to tolerate potentially sharp declines in market value.
- **Management Risk**. Adviser's investment approach may fail to produce the intended results. If the Adviser's perception of the performance of a specific asset class or fund is not realized in the expected time frame, the overall performance of client's portfolio may suffer.
- **Equity Risk**. Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or exchange traded fund ("ETF") can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio. Small-cap and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
- **Fixed Income Risk.** The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by the fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.
- **Investment Companies Risk.** When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below its net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Adviser has no control over the risks taken by the underlying funds in which client invests.
- **REIT Risk**. Real estate investment trusts ("REITs") are subject to risks generally associated with investing in real estate, such as (i) possible declines in the value of real estate, (ii) adverse general and local economic conditions, (iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.
- **Foreign Securities Risk**. Funds may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading

practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

Item 9. Disciplinary Information

Adviser and its principals have no disciplinary history or infractions.

Item 10. Other Financial Industry Activities and Affiliations

Adviser's sole business and source of income is providing financial planning and investment management. Adviser does not take part in any other type of business. Neither Adviser, nor its representatives, are registered or have an application pending to register as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

Adviser is not owned or controlled by, or under common control with, any other company. Adviser has no obligation to use a particular broker/dealer, vendor, or investment product.

Adviser is a member of Zero Alpha Group, LLC ("ZAG"), a network of registered investment advisers. ZAG members share a common investment philosophy based on the principles of Modern Portfolio Theory which emphasizes a passive investment strategy. ZAG members are geographically diverse, and their executives meet regularly to share investment information, strategic and marketing plans and research related to Modern Portfolio Theory and passive investment management techniques. ZAG also may negotiate with mutual fund companies and broker-dealers in an effort to obtain lower cost investment services on behalf of the members' respective clients.

Adviser does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

Item 11. Code of Ethics, Interest in Client Transactions and Personal Trading

Code of Ethics

Adviser strives to maintain a responsible and ethical way of business. All employees are bound to abide by the ethics standards set forth in our policy and handbook, adopted pursuant to the Investment Advisers Act of 1940. Employees are responsible for reporting their personal securities transactions regularly and reviewing the Code of Ethics at least annually. A copy of the Code of Ethics is available to all clients, free of charge, upon request.

Employees of Adviser who have obtained the Certified Financial Planner (CFP®) designation are bound by the CFP Board's *Standards of Professional Conduct*, which outline ethical and practice standards for CFP professionals.

Participation or Interest in Client Transactions

Adviser generally does not recommend investments to clients in which Adviser or any of its principals has a financial interest. If any such investment were proposed, the principal will disclose any participation or interest in the transaction to the client and obtain the approval of Adviser's Chief Compliance Officer in advance.

Personal Trading

Adviser's employees are subject to a Code of Ethics and must report their personal securities transactions to the Chief Compliance Officer for review on a regular basis to the extent required under the Investment Advisers Act of 1940, as amended. The Adviser's investment adviser representatives may buy or sell shares of mutual funds that they also recommend to clients. In the Adviser's Code of Ethics, Adviser prohibits its investment advisory representatives from trading on material non-public information.

Item 12. Brokerage Practices

Recommending Brokerage Firms

Upon client request that Adviser recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Adviser to use a specific broker-dealer/custodian), Adviser generally recommends that investment advisory accounts be maintained at Charles Schwab & Co. ("Schwab") or TD Ameritrade, Inc., ("TD Ameritrade"), both of which are SEC-registered and FINRA member broker-dealers/custodians. Before engaging Adviser to provide investment advisory services, the client will be required to enter into a formal Advisory Agreement with Adviser setting forth the terms and conditions under which Adviser will manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. Depending on which custodian clients select to maintain their account, they may experience differences in customer service, transaction timing, the availability of sweep account vehicles and money market funds, and other aspects of investing. In certain instances, these differences could cause differences in account performance.

Factors that Adviser considers in recommending Schwab, TD Ameritrade, or any other broker-dealer/custodian to clients include historical relationship with the Adviser, financial strength, reputation, execution capabilities, pricing, research, and service. Adviser seeks to execute client transactions in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances. Adviser has evaluated the full range of brokerage services offered by Schwab and TD Ameritrade and considers these broker-dealers to have reliable execution capabilities, compared to other comparable brokers. Although the commissions and/or transaction fees paid by Adviser's clients will comply with Adviser's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Adviser determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Adviser 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, Adviser's investment advisory fee.

Non-Soft Dollar Research and Additional Benefits

Adviser does not enter into so-called "soft dollar arrangements," where an adviser directs client commissions to a broker-dealer that provides research and brokerage services to Adviser. Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Adviser receives from Schwab and TD Ameritrade (or could receive from another broker-dealer/custodian investment platform, unaffiliated investment manager, and/or mutual fund sponsor) without cost (or at a discount) support services and products, certain of which assist Adviser to better monitor and service client accounts maintained at such institutions. The support services that Adviser can obtain by Adviser may include 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 free consulting services, discounted or free travel and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software, and/or other products used by Adviser in furtherance of its investment advisory business operations.

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

Adviser’s clients do not pay more for investment transactions effected and/or assets maintained at Schwab or any other broker-dealer/custodian as a result of this arrangement. There is no corresponding commitment made by Adviser to Schwab, TD Ameritrade, or any other broker-dealer/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.

Adviser also participates in the institutional services programs administered by Schwab and TD Ameritrade. As a participant in these programs, Adviser receives certain products and services that benefit Adviser, but may not benefit its clients' accounts. Some of these other products and services assist Adviser in managing and administering clients' accounts, such as receipt of duplicate confirmation statements, access to a trading desk serving exclusively institutional clients, the direct deduction of Adviser's fees from the client's account with the client's written permission, access to an electronic communication network for client order entry and account information, subscriptions to compliance publications, and access for Adviser's clients to mutual funds which generally require significantly higher initial investments or are generally available only to institutional investors, which Adviser may receive based upon its membership in ZAG. Many of these services generally may be used to service all or a substantial number of Adviser's accounts, including accounts not maintained at the broker that provides the products and services.

The institutional trading and custody services provided by these brokers are typically not available to the brokers' retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a minimum level of Adviser's client's assets (e.g., at Schwab Institutional at least $10 million) are maintained at the broker, and are not otherwise contingent upon Adviser committing to any specific amount of business (assets in custody or trading) to the broker. Services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab also makes other products and services available to Adviser that benefit Adviser but may not directly benefit its clients or their accounts. These products and services assist Adviser in managing and administering its clients’ accounts. They include investment research, both Schwab’s own and that of third parties. Adviser may use this research to service all or some substantial number of its clients’ accounts, including accounts not maintained at Schwab.

In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients’ accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help Adviser manage and further develop its business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to Adviser. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide Adviser with other benefits such as occasional business entertainment of its personnel.

The availability of these products and services from Schwab benefits Adviser because it does not have to produce or purchase them. This may give Adviser an incentive to recommend that clients maintain their account with Schwab based on Adviser's interest in receiving Schwab's services that benefit Adviser's business rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of transactions. This presents a conflict of interest. However, Adviser only recommends that clients engage Schwab as broker-dealer/custodian if it believes that would serve the respective client's best interests, based on the factors discussed above. It is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only Adviser. Further, based on the amount of assets Adviser currently manages, Adviser does not believe that this arrangement presents an actual and material conflict of interest.

Referrals from Broker-Dealers

Adviser does not receive referrals from broker-dealers.

Directed Brokerage

Although Adviser routinely requests that clients direct Adviser to execute all transactions through Schwab, clients may request the use of another qualified custodian and broker-dealer. In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Adviser 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 Adviser. As a result, clients 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. If the client directs Adviser 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 Adviser. Higher transaction costs adversely impact account performance.

Order Aggregation

Adviser generally does not aggregate trade orders, but rather independently executes client transactions. However in certain situations when advantageous to clients, Adviser may choose to (but is not obligated to) combine or "bunch" trade orders to seek best execution, negotiate more favorable commission rates, or equitably allocate differences in prices or other transaction costs among client accounts that might have been obtained if the orders were 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. Adviser does not receive any additional compensation as a result of these aggregation procedures.

Item 13. Review of Accounts

Periodic Reviews

Adviser offers initial review and recommendations as well as continuous review and monitoring of accounts. Investment advisory accounts are reviewed at least quarterly by at least one of Adviser's investment advisory personnel listed in the ADV Part 2B Brochure Supplement. Investment advisory accounts are reviewed weekly by a rebalancing software program that provides alerts to Adviser when balances deviate from established asset allocation thresholds. Adviser's investment advisory representatives use their discretion in making trading decisions, and all trading is reviewed by at least one other investment advisory representative of Adviser. Account reviews can also be triggered by general economic conditions, mutual fund reports, performance publications, income tax changes and client requests.

Regular Reports

Adviser provides quarterly performance reports to clients for whom the Adviser provides investment supervisory services. These reports generally contain, but are not limited to, portfolio performance versus benchmarks for the prior quarter, one year and since inception periods, list of current portfolio holding and asset allocation weights. Reporting for other clients is provided according to the individual needs of the client.

Item 14. Client Referrals and Other Compensation

Incoming Referrals

Adviser encourages and promotes referral of prospective clients to its advisory firm. Adviser does not, but may in the future, compensate people or firms for providing referrals.

Referrals of Other Professionals

Adviser emphasizes a "team approach" when providing investment advisory services to its clients. If requested by a client, or if Adviser believes legal or accounting services are required and in the best interests of a client's financial plan, Adviser will recommend an independent attorney or accountant. Adviser does not pay for client referrals or enter into arrangements with other professionals for client referrals. However, Adviser may have a conflict of interest in making these recommendations because it may receive referrals from professionals that it has recommended to clients. Adviser will refer other professionals to its clients only when the Adviser believes that the services provided by the professional best suit the client's needs.

Other Compensation

Adviser does not receive sales charges, commissions, service fees, 12b-1 fees or other compensation from a non-client in connection with providing investment advice to a client.

Adviser receives economic benefits from Schwab and TD Ameritrade in the form of support products and services. These products and services, how they benefit the Adviser, and the related conflicts of interest are described above (see item 12 – Brokerage Practices). The availability of these products and services is not based on Adviser giving particular investment advice, such as buying particular securities for clients.

Item 15. Custody

Schwab is the recommended custodian for accounts managed by Adviser. Adviser does not maintain physical custody of client funds or securities. All Client checks, received by the Adviser to be deposited into client's custodial accounts, must be made payable to the custodian. Clients will receive monthly account statements from their custodian. Clients should review their account statements carefully.

Performance reports are sent to all clients by Adviser on a quarterly basis. Clients are encouraged to compare Adviser performance reports with their custodial statements and to promptly report any issues.

Adviser engages in other practices and services on behalf of its clients that require disclosure at ADV Part 1, Item 9. Some of the practices and services subject the affected accounts to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940. In addition, certain clients have signed asset transfer authorizations which permit the qualified custodian to rely upon instructions from Adviser to transfer client funds to "third parties." These arrangements are also reflected at ADV Part 1, Item 9, but in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

Item 16. Investment Discretion

Discretionary Authority for Trading

Adviser will assist clients in opening an account with an independent custodian or broker-dealer or directly with a mutual fund company. Clients typically grant Adviser discretionary authority over the client's account to determine the securities to be bought and sold, to place trades, to negotiate transactions costs on their behalf, where possible, and periodically to rebalance the client's account back to the recommended allocation. Adviser has no obligation to supervise or direct investments held in client accounts that are not managed by Adviser. Clients who engage Adviser on a discretionary basis may, at any time, impose restrictions, in writing, on Adviser'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 Adviser's use of margin, etc.).

Limited Power of Attorney

Clients are required to grant a "Limited Power of Attorney" to Adviser over client's custodial account for purposes of trading and fee deduction. The client grants this authority in the brokerage account application.

Trade Errors

On occasion, an error may be made in placing a trade. For example, a security may be erroneously purchased (instead of sold) or the wrong number of shares may be purchased (or sold). In these situations, for accounts held with the primary custodian (Schwab), Adviser has the option of making the client whole by a correcting trade in the client's account or Adviser's trade error account. If it appears correcting the error will result in a gain for the client, Adviser (with the client's permission) will correct trade in the client's account and the client may keep any resulting gain. If a loss is expected or cannot be accurately predicted due to possible market movement, Adviser may use its trade error account to record these corrections. Under certain circumstances, it may be necessary to remove a gain from client's account and retain it in Adviser's trade error account. If a net loss occurs, Adviser will pay for the loss. The client will be made whole as soon as possible upon discovery of the error and loss. All errors and their subsequent resolutions will be documented accordingly.

Item 17. Voting Client Securities

Adviser currently does not exercise proxy-voting authority over securities held in our clients' account. Adviser does not receive any proxy voting materials on behalf of any clients. All proxy materials are sent directly to the client by the custodian of the account. Clients are responsible for voting proxies of securities held in their investment portfolios at their own expense. Clients are also responsible for making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other types of events pertaining to their investment portfolios. Clients may contact Adviser with any questions about a mutual fund proxy solicitation at the address on the cover page.

Item 18. Financial Information

Adviser does not solicit fees of more than $1,200, per client, six months or more in advance.

Adviser 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.

Adviser has not been the subject of a bankruptcy petition.

Privacy Notice

Adviser maintains physical, electronic, and procedural safeguards that comply with federal standards to protect its clients' nonpublic personal information ("information"). Through this policy and its underlying procedures, Adviser attempts to secure the confidentiality of customer records and information and protect against anticipated threats or hazards to the security or integrity of customer records and information.

It is the policy of Adviser to restrict access to all current and former clients' information (i.e., information and records pertaining to personal background, investment objectives, financial situation, tax information/returns, investment holdings, account numbers, account balances, etc.) to those employees and affiliated/nonaffiliated entities who need to know that information in order to provide products or services in furtherance of the client's engagement of Adviser. In that regard, Adviser may disclose the client's information: (1) to individuals and/or entities not affiliated with Adviser, including, but not limited to the client's other professional advisors and/or certain service providers that may be recommended or engaged by Adviser in furtherance of the client's engagement of Adviser (i.e., attorney, accountant, insurance agent, broker-dealer, investment adviser, account custodian, record keeper, proxy management service provider, etc.); (2) required to do so by judicial or regulatory process; or (3) otherwise permitted to do so in accordance with the parameters of applicable federal and/or state privacy regulations. The disclosure of information contained in any document completed by the client for processing and/or transmittal by Adviser to facilitate the commencement/continuation/termination of a business relationship between the client and/or between Adviser and a nonaffiliated third party service provider (i.e., broker-dealer, investment adviser, account custodian, record keeper, insurance company, etc.), including, but not limited to, information contained in any document completed and/or executed by the client in furtherance of the client's engagement of Adviser (i.e., advisory agreement, client information form, etc.), shall be deemed as having been automatically authorized by the client with respect to the corresponding nonaffiliated third party service provider.

Adviser permits only authorized employees and affiliates who have signed a copy of Adviser's Privacy Policy to have access to client information. Employees violating Adviser's Privacy Policy will be subject to Adviser's disciplinary process. Additionally, whenever Adviser hires other organizations to provide services to Adviser's clients, Adviser will require them to sign confidentiality agreements and/or the Privacy Policy.

Should you have any questions regarding the above, please contact Michael T. Masur, Chief Compliance Officer.