

**Form ADV Part 2A - Firm Brochure  
Item 1: Cover Page  
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This brochure provides information about the qualifications and business practices of STRATEGY ASSET MANAGERS, LLC. If you have any questions about the contents of this brochure, please contact us at: (201) 822-3001, or by email to: [feedback@strategyasset.com](mailto:feedback@strategyasset.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about STRATEGY ASSET MANAGERS, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

The Material Changes section of this brochure will be updated annually, or when material changes occur since the previous release of the Firm Brochure.

- Some representatives of our firm are registered representatives of Newbridge Securities Corp. Please see item 10 of this brochure for additional information.

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## Item 4: Advisory Business

Strategy Asset Managers, LLC, (“SAM” or “Firm”) was founded in 2001 and is wholly owned by Hulick Capital Management LLC. SAM currently has its headquarters in Woodcliff Lake, New Jersey, as well as offices in Pasadena, Gold River and Roseville, California.

### **Types of Advisory Services Offered**

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The Firm provides personalized confidential investment management services to various types of clients including but not limited to individuals, public entities, pension and profit sharing plans, trusts, estates, charitable organizations, limited and family partnerships, foundations and business entities. Advice is provided following a consultation with the client, review of investment objectives and the mutual agreement between client and the Firm regarding which of the company’s investment strategies best meets the client’s investment objectives and risk profile. In addition to direct contact with a client, the same or similar consultation can be had with the client’s financial advisor who, in combination with the client, has determined that one of the investment strategies offered by the Firm best fits his client’s financial objectives.

Independent investment consulting firms can also select the Firm’s strategies for their clients that wish to utilize one or more of the Firm’s investment strategies.

The client or the client’s representative will make the final decision on selecting the Firm and the appropriate strategy for the client.

The Firm is *not a custodian* of the client’s assets. The client always maintains control of his/her assets through the independent, third-party custodian selected by the client. SAM’s authority, as defined in its Investment Advisory Agreement, is to implement investment decisions on behalf of the client entities.

The client can engage other professionals (e.g. lawyers, accountants, consultants) to assist them in establishing their financial goals and objectives. The Firm will often meet with the designated parties to review the appropriateness of the investment strategies employed by SAM, but its role is solely that of investment manager implementing the client’s investment strategy by buying securities on his/her behalf.

### **Tailoring of Advisory Services**

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Our Firm offers individualized investment advice to clients. Goals and objectives are reviewed for each client and are properly documented. Clients may impose restrictions on investing in certain securities or types of securities. However, restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

## **Participation in Wrap Fee Programs**

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The Firm's investment strategies are available through the wrap program of a select number of non-affiliated platforms. The Firm, however, does not sponsor the wrap program, which is usually part of a larger platform. More information is available in each platform's Form ADV Part 2A.

At times, clients participate in unbundled plans with a wrap sponsor. In such instances, the client enters into separate contracts with the program sponsor and SAM, ("dual contract relationships"), and generally pays a separate fee to each entity. See Item 5 Fees and Compensation for further information.

## **Regulatory Assets Under Management**

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As of December 31, 2018, SAM manages \$500,965,614 on a discretionary basis and 11,898,115 on a non-discretionary basis for a sum of \$512,863,739 in assets under management ("AUM"). Furthermore, The Firm provides model portfolios in various strategies to several unaffiliated managed account program sponsors, for which the Firm does not affect or arrange for the purchase or sale of any securities in connection with these services.

## **Item 5: Fees & Compensation**

### **Compensation for Our Advisory Services**

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The Firm bases its fees on a percentage of assets under management as specified in its fee schedule. Despite the fee schedules listed below and applicable laws and regulations, SAM's fees are negotiable based upon the degree of service offered and the fee schedules can be changed based upon the Firm's discretion. Adjustments will be made for deposits and withdrawals which result in a fee change in excess of \$25 during the quarter. Shown below are the fee schedules the Firm utilizes:

#### Institutional

0.750% for first \$25 million  
0.625% for next \$25 million  
0.500% thereafter

#### Private Client & Third Party

1.000% on the first \$1 million  
0.600% on the next \$2 million  
0.450% on the next \$2 million  
0.300% over \$5 million

#### Wrap Fee Platform Schedule

Range from .370% to .500%

#### Aggregate Fee Schedule / Related Parties

First \$20 million 1.000%  
Next \$20 million 0.875%  
Next \$20 million 0.750%  
Next \$20 million 0.625%

Over \$80 million 0.500%

### **Fee Billing**

Investment management fees are billed quarterly, in ADVANCE, based on the value in the account on the last day of the previous quarter, meaning that we invoice the client BEFORE the three-month billing period has BEGUN. If advisory fees are directly billed, payment in full is expected upon receipt of the invoice. Fees are usually deducted from a designated client account to facilitate payment. The client must consent in advance to direct the debiting of his/her investment management account. In a limited number of instances (most often IRAs) the client may choose to pay the fee from an outside account.

### **Past Due Accounts**

The Firm reserves the right to discontinue investment advisory services on any account that is more than 90 days overdue.

### **Other Types of Fees & Expenses**

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Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our Firm's advisory fees and will be disclosed by the chosen custodian. Clients may also pay charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses). Our Firm does not receive a portion of these fees.

### **Termination & Refunds**

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A client may terminate the investment management/advisory agreement with SAM at any time by notifying the Firm in writing. The Firm's investment advisory agreement specifies a 30 day notice period. The Firm bills quarterly in advance. Upon notice of termination our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance.

The Firm may also terminate the investment management/advisory agreement at any time by notifying the client in writing and returning to the client the unearned portion of the management fee that was paid by the client in advance.

## **Item 6: Performance-Based Fees & Side-By-Side Management**

The Firm does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for an adviser to recommend an investment that may carry a higher degree of risk to the client.

Side-by-side management of different portfolios also creates potential favorable treatment to a client or a group of clients for instance where the fee for certain accounts may be higher than for others. To help prevent such treatment as part of its affirmative duty to treat all accounts fairly and equitably over time, SAM maintains controls to help prevent such actions. For example, the Firm aggregates

transactions where possible and when advantageous to the client for best execution and more favorable commission terms.

### **Item 7: Types of Clients & Account Requirements**

The Firm provides investment management/advisory services to, including but not limited to, the following types of clients such as individuals, high net worth individuals, pooled investment vehicles, pension & profit sharing plans as well as corporations and other business not listed above.

For individuals, the Firm's suggested minimum account size is \$250,000 which equates to an annual fee, under our standard fee schedule, of \$2,500. The Firm is very conscious of the negative effect management fees can have on a client's investment performance.

The Firm also reserves the right to waive the suggested account minimum and will generally do that when a client has assets with the Firm in other accounts that are well in excess of our minimum.

With respect to major brokerage firms where we participate on their platform programs (wrap programs), the Firm's account minimums can be as low as \$50,000. However, the majority are \$100,000 or greater, even on these programs.

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

#### **Methods of Analysis**

The methods of analysis vary by the strategy being executed. The Firm offers three investment strategies: Worldwide Equity, Worldwide Dividend Plus and Market Oriented Core Equity. These strategies can be utilized as 100% equity (stocks) or as a balanced strategy also utilizing fixed income securities.

The investment research utilized is dependent upon the strategy. The investment management team is responsible for conducting the research that leads to an individual stock or bond being purchased in the portfolio.

The Firm utilizes extensive outside research such as Thompson Reuters, Value Line, Bank Credit Analyst, Boyar Research, Bloomberg, investment newsletters, outside private research, daily publications, and research provided by many of the well-known investment banking firms. The Firm also pays an outside firm for its proprietary research. We also confer with our peers to discuss trends and potential areas of opportunity. We participate in company conference calls, attend analyst meetings and industry conferences when appropriate. In addition, we read company reports, Securities and Exchange Commission filings and numerous daily publications which contain information pertinent to our holdings.

## **Investment Strategies We Use**

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### **Worldwide Equity**

It is a bottom up strategy where we buy securities at a discount to fair value, i.e., at a price we deem as below what we believe the company (security) should be selling at based upon our analysis of the company and based upon the future outlook for the company. We sort through a large number of companies to arrive at a portfolio (generally 30 to 35 stocks) of our best ideas fitting our relative value criteria. A company is sold from the portfolio when it hits what we perceive as fair value or replaced by a company that we believe is more undervalued and represents greater upside potential. The Firm generally will commit 10 to 30 percent of a portfolio to non-US stocks (in the form of ADRs) and 70 to 90 percent in domestic equities. The Global Equity index composition is 80% S&P 500 and 20% MSCI EAFE Index.

### **Worldwide Dividend Plus**

This strategy utilizes many of the same research inputs identified under Methods of Analysis (Item 8) but also employs an additional screen that seeks to identify companies that are consistently growing their dividends annually or have a history of having a stable dividend payout ratio. The objective is to generate a dividend return greater than that of the S&P 500 to help clients who are in need of current cash flow. The Firm generally will commit 10 to 30 percent of a portfolio to non-US stocks (in the form of ADRs) and 70 to 90 percent in domestic equities. The Global Equity index composition is 80% S&P 500 and 20% MSCI EAFE Index.

### **Market Oriented Core Equity**

This is our quantitative strategy that is based on proprietary research of an outside research firm. We purchase the research, rank the stocks in the S&P 500 based upon this research and then conduct bottom up analysis on the top 100 to determine the candidates we wish to include in a portfolio. A key difference with respect to this strategy is that at 6 month intervals, the process repeats itself, i.e. rank the stocks in the S&P 500, and repeat the research again to build a portfolio. Another key difference with this strategy is that it has an automatic sell discipline whereby if the company drops out of the top 100 ranked S&P 500 stock at the 6 month review period, it is automatically sold, i.e. an automatic sell discipline. The benchmark is the S&P 500.

### **Bonds**

We will purchase bonds for any of these strategies when a client selects a balanced account/portfolio. We buy high quality U.S. Treasuries, Governments, Agency securities and/or high quality corporate bonds.

We have access to research that provides credit ratings, but do not perform extensive research on undervalued companies.

## **Risk of Loss**

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All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks including but not limited to:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments including American Depository Receipts ("ADRs") are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Foreign Securities Risk:** Investments in foreign securities, even in the form of American Depository Receipts (ADRs) and foreign securities trading on US exchanges include risks relating to political, social and economic developments in other countries, in addition to the differences in US securities regulations as compared to those of foreign markets. These involve but are not limited to greater price changes, dissimilar business reporting and accounting practices, political or financial changes, and higher costs (such as custodial and transactions costs).

- **Concentrated Investing Risk:** Concentrating investments in a small number of stocks increases risk, such as being more prone to those involving specific economic, political or regulatory events, as compared to a portfolio with more diverse holdings
- **Company Risk:** Security prices may become volatile resulting from the issuing company's specific risks including but not limited to reputational, management, value of each share, and/or company product or service.
- **Cybersecurity Risk:** Do to the greater use of technology in the investment advisory business. SAM is vulnerable to operational and related risks. Cyber incidents can be deliberate or accidental, which possibly can result in confidential client and proprietary information being compromised, reputational risk and/or disruption of business. The Firm has instituted a disaster recovery plan, which can help prevent such incidents but all such possible risks are not identified.
- **Conflict of Interests Risk:** In our day-to-day business operations, the Firm is subject to various conflicts of interest, which are inherent in this industry. When potential or actual conflicts of interest are recognized, SAM addresses the conflict through any or several of the following: appropriate policies and procedures, disclosure and/or elimination of the risk.

### **Additional Information**

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Our Firm generally invests client cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. In most cases, at least a partial cash balance will be maintained in a money market account so that our Firm may debit advisory fees for our services, as applicable.

### **Item 9: Disciplinary Information**

Our Firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

### **Item 10: Other Financial Industry Activities & Affiliations**

Our Firm is not registered, nor does it have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Hulick Capital Management LLC (HCM) is a related Registered Investment Adviser. HCM provides advisory services to retail clients, and sometimes utilizes strategies offered by SAM. Both firms share office locations and some representatives are duly registered with both firms, and thus have access to both firms' client information. HCM clients are under no obligation to utilize SAM strategies, nor does SAM provide any preferential treatment to clients of HCM utilizing their strategies aside from a discounted fee assessed to HCM clients.

Representatives of our firm are registered representatives of Newbridge Securities Corp., member FINRA/SIPC, and licensed insurance agents. As a result of these transactions, they receive normal and customary commissions. A conflict of interest exists as these commissionable securities sales create an incentive to recommend products based on the compensation earned. To mitigate this potential conflict, our firm will act in the client's best interest.

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

### **Code of Ethics**

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our Firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading, gifts and entertainment, and political contributions. Our Firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our Firm, and at least annually thereafter, all representatives of our Firm will acknowledge receipt, understanding and compliance with our Firm's Code of Ethics. Our Firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients.

The Firm's employees have committed to a Code of Ethics that is available for review by clients and prospective clients upon request.

### **Participation or Interest in Client Transactions**

The Firm and its employees may buy or sell securities that are also held by clients. Employees may not trade his/her own securities ahead of client trades. All employees must comply with the provisions concerning employee trading contained in the Firm's Code of Ethics and Policies and Procedures (Compliance) Manual.

### **Personal Trading**

The Firm's Chief Compliance Officer (CCO) and/or designated associate reviews all employee trades each quarter. The CCO's trades are reviewed by the Chief Investment Officers of the Firm. These personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the Firm receive preferential treatment. Most employee trades are of small order size, in widely-held securities, or in mutual funds or exchange-traded funds, and thus, employee trades generally do not affect the securities markets.

## Item 12: Brokerage Practices

### Selecting Brokerage Firms

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The Firm is not affiliated with any brokerage or product sales teams. The Firm at times may recommend brokerage/custodian firms to clients not associated with any broker who choose to be an independent client of the Firm. Occasionally, if asked by the client about a broker/custodian recommendation, we may offer an opinion/recommendation, but are not affiliated with any broker and/or custodian. Obviously, we are aware of the broker/custodians that have financial strength, integrity, and the ability to handle a specific client need, i.e. trusts, estates, etc., but as a matter of standard business practice, we do not recommend custodians.

Unless otherwise directed, the Firm utilizes the services of Mid Atlantic Capital Corporation, a broker-dealer to execute trades on behalf of those clients that are not affiliated with a financial advisor or brokerage firm. Mid Atlantic Capital Corporation uses National Financial Services, a division of Fidelity, as the custodian for those accounts.

SAM is seeking to be a participant in the TD Ameritrade Institutional (“TD”) institutional advisor program (“Program”). TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA, and not affiliated with SAM in any manner. If the Firm becomes a participant, and clients are not affiliated with a financial advisor or brokerage firm, SAM may suggest that they utilize TD custodian and brokerage services. TD offers services to independent investment advisors like SAM such as trade execution, custody, clearance and settlement of transactions. The Firm obtains some benefits from TD from being part of the Program. (Please see further explanation under “Client Referrals and Other Compensation”.)

### Best Execution

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The Firm has a fiduciary duty to obtain the best execution for client transactions, not necessarily the lowest commission but the best overall qualitative execution.

### Soft Dollars

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The Firm utilizes research, research-related products and other services on a soft dollar commission basis to a very limited extent. The Firm’s soft dollar policy is to make a good faith determination of the value of the research product or services in relation to the commissions paid. Soft dollars are only utilized for research products and services that contribute/assist directly in the investment decision making process, pursuant to Section 28(e) of the Securities Exchange Act of 1934, as amended.

At times, the research the Firm receives may be proprietary (that which is developed by the particular broker-dealer) or third-party (created by a third-party but received/paid by from the broker-dealer). Typically, with the generation of soft dollars, clients may pay higher broker/dealer commission fees than would be charged for execution only services. However, the Firm believes that the selection of such broker dealers is consistent with its obligation to seek best execution. If

the research was not paid via soft dollars, the Firm would produce such research itself or pay for it via hard dollars. Accordingly, the Firm receives an economic benefit.

Research services obtained through soft dollar transactions may be utilized for all accounts, not just for those that paid commissions to the broker/dealer which supplied such services.

**Client Transactions in Return for Soft Dollars**

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Please see Directed Brokerage section for more information.

### **Brokerage for Client Referrals**

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Our Firm does not receive brokerage for client referrals.

### **Directed Brokerage**

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In certain instances, the Firm directs brokerage to Weeden & Co., LP, which is a broker-dealer. The Firm is not obligated to direct transactions for its clients to Weeden. The Firm believes that in some cases its clients receive better execution quality for program and non-program trades through Weeden. For calendar year 2018, \$124,548.47 in clients' commissions were directed to Weeden. Client transactions that are directed to Weeden may result in soft dollar benefits.

Mr. DeMichele serves as a member of Weeden's Board of Directors where he attends quarterly board and committee meetings. He also has a less than one percent ownership in the Firm. Mr. DeMichele receives compensation of \$1,000 per meeting. As a board member, Mr. DeMichele participates in the following committees: Advisory Committee, Unit Committee, and Compensation Committee.

### **Client-Directed Brokerage**

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Some clients contract the Firm to execute transactions through a particular broker (directed broker). The Firm has disclosed to such clients that the Firm cannot guarantee best execution on every transaction when the client has directed the use of a particular broker. The Firm does not receive any portion of the trading fees/commissions.

### **Aggregation of Purchase or Sale**

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The Firm will aggregate transactions where possible and when advantageous to the client for best execution and more favorable commission terms. In these instances, clients participating in any aggregated transaction will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. As a matter of policy, allocation procedures must be fair and equitable to all clients with no particular group or client being favored or disfavored.

## **Item 13: Review of Accounts or Financial Plans**

### **Periodic Reviews**

Accounts are reviewed at least on a quarterly basis by the Firm's portfolio managers. However, in practice, accounts are continuously monitored for outsized positions, concentration in a sector, excess cash, etc., so remedial action can be taken.

### **Review Triggers**

Our Firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

## Regular Reports

Some of the Firm's direct clients receive at least quarterly reports from their custodian and on a quarterly basis, a report from the Firm that provides an investment review of the portfolio, and the Firm's investment outlook. In those instances where there is another Registered Investment Advisor, Registered Representative or other fiduciary involved with clients, they may or may not receive the Firm's quarterly reports, subject to the intermediary's determination. We urge clients to review these reports. We are also available to discuss any report with the client and his/her advisor.

## Item 14: Client Referrals & Other Compensation

### Other Compensation

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Except for the arrangements outlined in Item 12 of this brochure, SAM receives a fee, less than \$2,500 annually, for participating in a client's investment committee and attending meetings.

As indicated beforehand in (Brokerage Practices), SAM seeks to participate in TD Ameritrade's institutional advisor program ("Program") and as a result may suggest that new clients utilize TD for custody and brokerage services. Also, existing client accounts with their approval may be moved to TD as custodian, for which SAM would receive other benefits such as, including but not limited to, a dedicated team to help facilitate the transition of client accounts, absorbing certain costs, and waiving or rebating client transfer fees from existing accounts associated with the transition. A direct connection does not exist between SAM's participation in the Program and the investment advice that is provided to clients. During the first two years of participation, TD would provide the Firm with a transition/technology assistance benefit. These advantages would be used to compensate technology service providers and other vendors.

If the Firm becomes a participant, SAM would receive benefits from its participation in the Program which usually are not available to retail investors. Such services that could be provided at a discount or at no cost include but are not limited to receipt of duplicate client statements and confirmations, research related products and tools, consulting services, and access to a trading desk which supports Firm participants. Other advantages would consist of access to block trading (that provides the capability to aggregate trades and then make the appropriate allocation to specific client accounts), ability to have client fees electronically deducted from their accounts, and access to an electronic communications network for client order entry and account information. Moreover, additional advantages may encompass reduced fees on marketing, research, compliance, technology, and practice management products and/or services received by SAM from third-party vendors. In addition, TD also could possibly pay for business consulting and professional services received by SAM. Some benefits SAM may receive could aid the Firm but not our client accounts directly; but may help support SAM in managing and administering most client accounts not just those custodied at TD.

As part of SAM's fiduciary duty to our clients, the Firm always strives to place the interests of our clients first. However, a conflict of interest is created by the Firm and/or its associates receiving economic benefits through its participation in the Program. It also may indirectly effect SAM's recommendation of TD for custody/brokerage services.

In addition, SAM is seeking to participate in the TD Ameritrade AdvisorDirect. ("AdvisorDirect"), a country-wide referral service for TD clients, prospects and other investors to unaffiliated investment advisory firms. As a part of this program, SAM could possibly obtain client referrals from TD, as an AdvisorDirect participating firm. TD Ameritrade is a discount broker dealer independent of and unaffiliated with SAM. TD is also an authorized custodian that is not affiliated in any manner with SAM. Along with the Firm meeting the requirements for participation in AdvisorDirect, SAM could be chosen to participate pursuant to the profitability to TD from the trades effected through and accounts maintained at the Firm. For successful client referrals, SAM would compensate TD typically a percentage of our investment management fee (not to exceed 35%) of the fee the Firm receives from the client. Clients of SAM that could be obtained through TD AdvisorDirect referrals would not be charged higher fees or costs than other Firm clients. For additional information, regarding TD AdvisorDirect fees and/or costs paid to TD Ameritrade, please review TD AdvisorDirect Disclosure Brochure.

Furthermore, SAM's potential participation in AdvisorDirect would create a conflict of interest in that TD could be encouraged to suggest investment advisors to its clients, which recommend TD as a custodian for client assets. Accordingly, the Firm may be inclined to suggest to clients that their assets under management with SAM be custodied at TD. SAM has considered the potential conflict of interest and has determined that the relationship is in the best interest of SAM's clients. The benefits the Firm could receive are not contingent on the amount of brokerage transactions effected at TD. SAM examined the conflict of interest before it sought to enter into the relationship with TD, and has determined that the relationship is be in the best interest of certain SAM clients.

### **Referral Agents**

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The Firm has been fortunate to receive many client referrals over the years. The referrals come from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The Firm does not compensate referring parties for these referrals. The Firm does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

The Firm pays referral fees (non-commission based) to independent solicitor(s) for the referral of their clients to our Firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of the investment advisory fee charged to our clients. This arrangement will not result in higher costs to the referred client. In this regard, our Firm maintains Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitor(s) to the Firm will be given full written disclosure describing the terms and fee arrangements between our Firm and Solicitor(s). In cases where state law requires licensure of solicitors, our Firm ensures that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our Firm. If our Firm is paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

## Item 15: Custody

While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under “Standing Instructions.” All our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

The SEC issued a no-action letter (“Letter”) dated February 21, 2017 with respect to the Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule, as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction (“SLOA”) is deemed to have custody. As such, the Firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client’s qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## **Item 16: Investment Discretion**

### **Discretionary Authority for Trading**

The majority of the Firm's clients are discretionary. The Firm, through its investment management/advisory agreement, has the discretionary authority to manage securities on behalf of its clients. The Firm has been granted the authority to determine, without specific prior client consent, the securities to be bought or sold for his/her account. By the granting of discretionary trading authority, the trades on behalf of the client are placed promptly and hopefully, opportunistically, resulting in a timely execution of the trade.

On a non-discretionary basis, the Firm provides model portfolios in various strategies to several unaffiliated managed account program sponsors, for which the Firm does not affect or arrange for the purchase or sale of any securities in connection with these services. The managed account program sponsors are responsible for monitoring any client-imposed investment restrictions. The Firm does not assume responsibility for any account monitoring.

### **Limited Power of Attorney**

A limited power of attorney granted in the Firm's investment management/advisory agreement provides SAM with discretionary trading authority. Similarly, with respect to financial advisors associated with broker dealers, the broker dealers blanket contract with their client provides the authority to SAM to make investment decisions on behalf of their client.

## **Item 17: Voting Client Securities**

The Firm votes proxies on behalf of clients that have designated SAM as having the authority to vote on their behalf. In addition, the Firm recognizes that it has a fiduciary obligation to assume proxy-voting duties on ERISA accounts, unless the plan's fiduciary specifically instructs to the contrary.

SAM acknowledges that it has the fiduciary responsibility to vote proxies on behalf of clients who have delegated such responsibility to SAM. The objective is to vote these proxies, where delegated, in a manner that we believe is in the client's best interest as a shareholder in the designated company.

SAM has contracted with Broadridge to manage the proxy voting process electronically. However, SAM recognizes it is responsible for the voting and record keeping associated with proxies.

Our written policies and procedures are available upon request. For those clients that have expressly designated proxy voting authority to the Firm, such client reports are available upon request.

## **Item 18: Financial Information**

Our Firm is not required to provide financial information in this Brochure because:

- Our Firm does not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- Our Firm does not take custody of client funds or securities.
- Our Firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

Our Firm has never been the subject of a bankruptcy proceeding.