



**Item 1. Cover Page**

**C2P CAPITAL ADVISORY GROUP, LLC  
d/b/a  
PROSPERITY CAPITAL ADVISORS**

**FORM ADV PART 2A –BROCHURE**

**March 2022**

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This brochure provides information about the qualifications and business practices of C2P CAPITAL ADVISORY GROUP D/B/A PROSPERITY CAPITAL ADVISORS (hereinafter "PCA"), an SEC registered investment adviser.

If you have any questions about the contents of this brochure, please contact PCA at (888)240-0064. 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. Additional information about PCA is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Prosperity Capital Advisors is 156480.

Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

This item discusses only the material changes that have occurred since the Amendment filing of this Form ADV filed in October 2021.

This Form ADV Part 2A has been updated to reflect changes in the following sections:

Item 4B. Advisory Business. The Firm provides a description of its signal-based relationships with certain third-party managers whereby it makes available their model asset allocation portfolios. The Firm also added additional information regarding its fiduciary obligations as it specifically pertains to qualified rollovers and the Firm's intention to leverage the Department of Labor's (DOL) new Prohibited Transaction Exemption 2020-02. Item 5. Fees and Compensation. The Firm clarified its fees applicable to its signal-based relationship offering.

Item 14. Client Referrals and Other Compensation. The Firm disclosed that it serves as a Solicitor for an unaffiliated registered investment adviser for services that PCA does not offer.

Pursuant to current SEC Rules, PCA will ensure that clients receive a summary of any material changes to this and subsequent brochures within 120 days of the close of the firm's fiscal year which occurs at the end of the calendar year. PCA may provide other ongoing disclosure information about material changes as necessary and provide clients with a new brochure based on changes or new information, at any time, without charge.

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## **Item 4. Advisory Business**

### **A. The Company**

PCA has been registered as an investment adviser with the U.S. Securities and Exchange Commission since February 2011. PCA is the trade name of C2P Capital Advisory Group, LLC, a Delaware limited liability company with its principal place of business in Westlake, OH. C2P Enterprises, LLC is the sole member of PCA. The Firm is led by Jason L Smith, Chief Executive Officer, and David Alison, President.

This Disclosure Brochure describes PCA's business. Certain sections also describe the activities of Supervised Persons. Supervised Persons are any of PCA's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on PCA's behalf and is subject to PCA's supervision or control.

### **B. Advisory Services**

PCA and its Investment Adviser Representatives ("IARs" or "Advisors") provide financial planning, consulting, and investment management services. Prior to engaging PCA to provide investment advisory services, the client is required to enter into one or more written agreements with PCA setting forth the terms and conditions under which PCA renders its services (the "Agreement").

#### **Financial Planning Services**

PCA may provide its clients with a broad range of comprehensive financial planning and consulting services. These services include but are not limited to business planning, investment planning, insurance, retirement planning, estate planning, charitable planning, education planning, and personal financial planning. PCA does not provide legal, accounting or tax advice; however, certain PCA's Supervised Persons may have other such business practices that are independent of and are not affiliated with PCA. Please refer to the Form ADV Part 2B which accompanies this Disclosure Brochure for more information.

PCA's written financial plans or consultations usually include general recommendations for a course of activity or specific actions to be taken by the client, at the client's discretion. For example, PCA may recommend that clients begin or revise an investment program, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. Clients who engage PCA to provide written financial plans will be provided with a written summary of their financial situation and PCA's observations and recommendations. For financial consulting arrangements, PCA's service is typically less formal and does not include a written summary. Plans or consultations are typically completed within six months from the beginning of the engagement, assuming that the client has provided the necessary documentation and other information requested by PCA.

#### **Financial Institution Consulting Services**

PCA provides investment consulting services to certain broker/dealers' customers ("Brokerage Customers") who provide written consent requesting to receive PCA's consulting services relating to assets held with the broker/dealer. Brokerage Customers have entered into a written advisory agreement with PCA to receive advisory consulting services.

### Investment Management Services

Clients can engage PCA to manage all or a portion of their assets on a discretionary basis. PCA emphasizes continuous and regular account supervision and may provide advice about any type of investment held within a client's portfolio.

#### A. Affiliated Turnkey Asset Management Model Portfolios Program

As part of its investment management service, PCA allocates clients' investment assets among certain investment strategies including a series of separately managed model portfolios made up of mutual funds and exchange-traded funds ("ETFs") in accordance with the investment objectives of the strategy. To this end, PCA has entered into a sub-advisory agreement with Valor Capital Management, LLC, ("Valor"), a subsidiary of C2P Enterprises, LLC and under common control with PCA. Valor is responsible for creating and managing the model portfolios described above. Clients will receive the written disclosure brochure of Valor in addition to PCA's brochure.

With limited exception, client accounts are managed based on the overall model, rather than specifically to each client's individual needs. Nonetheless, clients may impose reasonable restrictions on the assets in the program; however, Valor may refuse to accept or to continue to provide investment advisory services with respect to such program assets if it determines such restrictions are unreasonable. PCA is responsible for providing its Clients with individualized discretionary investment management services. PCA is responsible for determining the Client's risk profile and for selecting the Valor model portfolios that are consistent with the Client's risk profile. Under the sub-advisory agreement with PCA, Valor provides additional, non-advisory services including assistance in account administration, assistance in trading, billing and record keeping, and performance reporting. Valor is provided with a limited power of attorney, by PCA and the Client, to arrange for execution of trades and rebalancing of model portfolios. The investment management fees charged by Valor, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, is exclusive of, and in addition to, PCA's investment advisory fee as described below.

PCA has an economic incentive to recommend and use its affiliated advisor, Valor, for investment management services, in lieu of selecting other programs or unrelated investment advisers, because the compensation PCA and its IARs receive are more than the amounts we would receive if you participated in another program, and we receive additional non-monetary benefits such as training and access to Valor personnel.

#### B. Prosperity Guided Portfolios Program

PCA's Prosperity Guided Portfolios ("PGP") program is an advisory program whereby PCA IARs manage their own portfolios using a selection of mutual funds, ETFs, equities, and fixed income solutions. IARs create the portfolio based on the client's investment objective, risk tolerance, time horizon and financial situation. In this program, IARs act with discretionary authority as portfolio managers making investment decisions and asset allocations within the client's account.

#### C. Third Party Money Managers

In addition, PCA may recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("Independent Managers") (other than Valor), based upon the stated investment objectives of the client.

The terms and conditions of the relationship between PCA, the client and the Independent Manager are set forth in a separate written agreement between PCA and the designated Independent Manager. PCA will continue to be responsible for monitoring and reviewing each client's account to ensure that the assets are being managed in accordance with their investment objectives. PCA will receive an

annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Manager.

When recommending or selecting an Independent Manager for a client, PCA and its IARs weigh information about the Independent Manager such as its disclosure brochure and/or material supplied by the Independent Manager or independent third parties for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available. Factors that PCA considers in recommending an Independent Manager include the client's stated investment objectives, management style, performance, risk-adjusted performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Managers, together with the fees charged by the corresponding designated broker dealer/custodian of the client's assets, is exclusive of, and in addition to, PCA's investment advisory fee. The client may incur additional fees than those charged by PCA, including fees charged by the designated Independent Managers, and corresponding broker-dealer and custodian.

In addition to PCA's written disclosure brochure, the client will also receive the written disclosure brochure of the designated Independent Managers. Certain Independent Managers may impose more restrictive account requirements and varying billing practices than PCA. In such instances, PCA may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers. PCA conducts the initial due diligence on Independent Managers as well as ongoing reviews of their management of client accounts. PCA retains the authority to hire and fire Independent Managers at our discretion.

#### D. Separately Managed Accounts

PCA enters into sub-advisory or co-advisory relationships with investment firms to offer various separately managed accounts ("SMAs"). PCA IARs may recommend that certain clients authorize the active discretionary management of all or a portion of their assets by and/or among certain SMAs (other than Valor), based upon the stated investment objectives and risk profile of the client. The SMA, not PCA, is responsible for all investment and reinvestment-related decisions and trade execution in the client accounts. However, while SMA investment managers regularly monitor the SMA accounts and are responsible for managing the model portfolios on behalf of PCA, the SMA is not acting as your investment advisor and does not possess knowledge of your individual information or investment goals and objectives. Clients will receive both our disclosure brochure and other related documents as well as the SMA's disclosure brochure and related documents. Each SMA is uniquely structured so please ensure you carefully review the applicable SMA's disclosure brochure to understand their investment strategy, how they operate, the fees they charge, how investments will be managed, among other matters. Depending on the SMA selected, the client may have the opportunity to authorize the SMA to vote proxies on their behalf. PCA conducts the initial due diligence on SMAs and ongoing reviews of their management of client accounts for which it charges a fee as described below. PCA retains the authority to hire and fire SMAs at our discretion.

#### E. Other Programs

PCA also enters into signal-based relationships with certain third-party managers whereby it makes available their model asset allocation portfolios. These third-party managers typically called Signal Providers monitor their respective models and provide PCA with ongoing recommendations for the allocation and reallocation of assets in the model consistent with the stated strategy. Different selected signal-based strategies and models will be sleeved within one account so that the Client does not have to open multiple accounts. Clients will receive the most recent copy of the sleeved third-party strategy/model manager's Form ADV brochure which outlines the strategy, risks, associated fees, and

other pertinent information, along with PCA's disclosure documents. PCA does not typically reject or deviate from the trade signals provided by the Signal Provider. However, Clients will not achieve the same performance returns as shown in a Signal Provider's marketing material and fact sheets if their accounts do not execute trades in strict conformance with the Signal Provider's trade signals. PCA conducts the initial due diligence on these strategies/models and performs administrative, trade order management and execution, operational and other support services for which it charges a fee as discussed below.

#### F. Institutional Clients

PCA also provides investment management services with respect to fixed income portfolios to institutional clients.

#### G. Seminars & Educational Events

PCA IARs are permitted to hold investment-related seminars and/or educational events to existing clients, prospective clients, and the general investing public. The seminars feature general investment related advice for educational purposes and can include both securities and non- securities topics. No specific individualized investment advice regarding investment objectives or investment related needs of the attendees, listeners, or audience is rendered during seminars. However, participants are free to schedule meetings with the IAR(s) in an effort to obtain personalized investment advice. Please see "Fees and Compensation" below for further details related to the investment advisory fee charged for these seminars.

#### H. Other

PCA also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, PCA either directs or recommends the allocation of client assets among the various investment options that are available with the product (as further described below). Client assets are maintained at the specific insurance company or custodian designated by the product. Advisors have the ability to refer clients to a non-affiliated bank that offers securities-based lines of credit. While PCA and/or its Advisors are not compensated, there is a conflict of interest in making the referral as the Firm will retain the assets under management.

#### Retirement Plan Services

PCA may provide investment advisory services to businesses and non-profit organizations with their 401(k) and employee benefit plans.

#### Trustees and Investment Committees

PCA may provide advisory services to investment committees and trustees of Defined Benefit Plans, Non-Participant directed 401(k) plans and Non-Profit Organizations. PCA may act as a 3(21) Investment Fiduciary providing investment advice for a fee to the trustees or committee to implement.

#### Participant Directed Retirement Plans

PCA may provide investment advisory services to investment committees and trustees of Participant Directed Retirement Plans. PCA may act as a 3(21) Investment Fiduciary providing investment advice for a fee to the trustees or the committee to implement.

PCA may provide non-discretionary investment advisory services with respect to the assets of individual retirement plan participants through their own employer-sponsored defined contribution

(i.e., 401K, 403b, 457 TSP) plans using the investment options that are specific to them. The fees for such services shall be negotiated between the client and his/her individual PCA IAR and will be governed by the contract between PCA and the client.

PCA may also provide non-discretionary investment advisory services to retirement plan participants through their own employer-sponsored defined contribution (i.e., 401K, 403b, 457 TSP) plans using the investment options that are specific to them. PCA may enter into a contract with the plan sponsor to provide such services to plan participants and be paid a fee based on the assets under management for the overall plan.

### **IRA Rollover Considerations**

PCA provides, as part of its investment advisory services, recommendations for client to withdraw the assets from an employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that PCA will manage on the client's behalf. If a client elects to roll the assets to an IRA that is subject to PCA's management, PCA will charge an asset-based fee as set forth in the agreement between the client and PCA. This practice presents a conflict of interest because persons providing investment advice on PCA's behalf have an incentive to recommend a rollover to a client for the purpose of generating fee-based compensation rather than solely based on the client's needs. Clients are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if the client decides to complete the rollover, that client is under no obligation to have the assets in an IRA managed by PCA.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, clients should consider the costs and benefits of each option:

An employee will typically have four options:

1. Leaving the funds in the employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change PCA encourages clients to understand the trade-offs of each.

Clients who are considering rolling over retirement funds to an IRA for PCA to manage should consider beforehand the following:

1. Determine whether the investment options in the employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than PCA's fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. PCA's strategy may have higher risk than the option(s) provided to you in your plan.
4. Whether your current plan also offers financial advice.

5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules, so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

### **Fiduciary Obligations**

Investment advisers to ERISA Plan accounts and ERISA Plans must adhere to the fiduciary responsibilities under ERISA, as administered by the Department of Labor (DOL). Specifically, in providing investment advisory and investment management services to ERISA Plan accounts and ERISA Plans, PCA and its investment adviser representatives must discharge their duties solely in the interest of the Plan participants and beneficiaries.

The DOL issued Prohibited Transaction Exemption 2020-02 that PCA relies upon for rollover recommendations that would otherwise result in a prohibited transaction under ERISA and/or the Code. It can also be used for other nondiscretionary fiduciary recommendations to Retirement Accounts that result in a prohibited transaction as long as its conditions are met.

### **C. Client Tailored Services and Client Imposed Restrictions**

PCA tailors its advisory services to the individual needs of clients. Each portfolio will be initially designed to meet a particular investment goal, which PCA determines to be suitable to the client's circumstances including investment needs, goals, objectives, risk tolerance, and time horizon.

In performing any of the above services, PCA is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. PCA typically recommends the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if PCA recommends its or its affiliates own services.

With respect to PCA's investment management services, PCA has full investment discretion over clients' assets and manages those assets in a manner consistent with the clients' investment objectives and risk tolerance. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in PCA's sole discretion, the conditions will not materially impact the performance of a portfolio strategy

or prove overly burdensome to its management efforts. With respect to PCA's financial planning and/or consulting services, the client is under no obligation to act upon any of the recommendations made by PCA or to engage the services of any such recommended professional, including PCA itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of PCA's recommendations. Clients are advised to promptly notify PCA if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon PCA's management services.

#### **D. Wrap Fee Programs**

PCA does not provide portfolio management services to a wrap fee program(s). Under a wrap fee program, advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and transaction services (e.g., execution of trades) are provided for one fee. This is different than traditional investment management programs whereby services are provided for a fee, but transaction services are billed separately on a per-transaction basis.

#### **E. Assets Under Management**

PCA provides investment advisory services to clients on a discretionary basis. As of December 31, 2021 discretionary assets under management totaled \$1,770,873,374 and assets under advisement totaled \$21,797,889.

### **Item 5. Fees and Compensation**

#### **A. Advisory Fees**

PCA offers its services on a fee basis, which includes hourly or fixed fees as well as fees based upon assets under management. Additionally, certain PCA Supervised Persons, in their individual capacities, may offer insurance products or engage in securities transactions under a commission arrangement through other unaffiliated entities as described in Item 10 (below).

#### **Financial Planning, Consulting & Service Fees**

PCA generally charges a hourly, fixed or subscription-based fee for financial planning, consulting, and other services. These fees are negotiable and typically range from a rate of \$100 to \$500 per hour, a \$100 to \$500 monthly fee, or a fixed fee \$500 to \$15,000, although could be more or less depending upon the level and scope of the services and the professional rendering the financial planning, consulting and other services. PCA may also charge financial planning fees based on a percentage of assets. Should the client opt to engage PCA for an annual update of the Financial Plan, consulting and/or other services, such annual updates may be provided for an additional flat fee. If the client engages PCA for additional investment advisory services, such as the implementation of the Financial Plan, PCA may, in its sole discretion, offset all or a portion of its fees for those services based upon the amount paid for the financial planning, consulting and/or other services.

Prior to engaging PCA to provide financial planning and/or consulting services, the client is required to enter into a written agreement with PCA setting forth the terms and conditions of the engagement. The client will also be provided with an estimate of the amount of time that will be required to perform the service. Generally, PCA requires one-half or one-quarter of the estimated financial planning/consulting fee upon entering into the written agreement with PCA. The balance is generally

due upon delivery of the Financial Plan, over three quarters, or completion of the agreed upon services. PCA retains the right to modify or waive fees in its sole and absolute discretion, on a client-by-client basis. Factors considered include the complexity and nature of the services provided, anticipated amount of assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, and account composition. The specific fee schedule is identified in the written agreement entered into with the client.

#### Financial Institution Consulting Services Fees

PCA receives a consulting fee based on the assets under management from Brokerage Customers who have provided written consent to a broker/dealer to receive the investment consulting service from PCA and have entered into a written advisory contract with PCA. The consulting fee is calculated from the assets under management as of the end of a calendar quarter period multiplied by the annualized rate of from 45 to 60 basis points. The initial fee is paid only after the completion of one full calendar quarter period following the date of the executed agreement with broker/dealers.

#### Asset Management and Advisory Fees

PCA and its IARs provide investment management services for an annual fee based upon a percentage of the market value of the assets being managed by PCA. PCA's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses, which are incurred by the client. PCA does not, however, receive any portion of these commissions, fees, and costs. PCA's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by PCA on the last day of the previous quarter.

The total annual fee for investment management services for retail clients typically varies between 0.20% and 2.5% depending upon several factors, including the market value of the assets under management and the types of services to be rendered. The fees paid by clients include portions paid to your investment adviser representative (IAR Fee) and portions paid to the Firm (Program Fee), where applicable. PCA negotiates fees separately for its institutional fixed income clients, and such fees are typically lower than those charged to retail clients.

PCA, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.) and retains the right to modify or waive clients' fees in its sole discretion on a client by-client basis. Details of the investment management fee charged are more fully described in the Agreement entered into with each client. The same or similar services describe above may be available elsewhere at a lower cost.

Generally, investment management fees for all PCA advisory offerings will not exceed 2.50% of the market value of any client account as calculated on an annual basis. However, PCA charges a \$150.00 minimum annual investment management fee which may result in a fee greater than 2.5% as stated above.

#### Prosperity Guided Portfolios ("PGP") Program

The PGP program provides advisors a proprietary Best Interest Index (BII) list of Mutual Funds and ETFs to use at their discretion to invest in customizable asset allocation models. Advisors may also invest in equities and/or fixed income solutions. PCA charges clients a tiered asset-based program fee based on assets invested with the firm in addition to the IAR Fee as discussed above.

|                        |      |
|------------------------|------|
| \$0 - \$499,999        | 50bp |
| \$500,000 - \$999,999  | 40bp |
| \$1,000,000- 1,999,999 | 30bp |
| \$2,000,000-4,999,999  | 25bp |
| \$5,000,000+           | 20bp |

Separately Managed Accounts & Other Programs

PCA charges clients a tiered asset-based program fee based on assets invested with the firm in addition to the IAR Fee and the SMA manager fee and/or other program manager fee, as applicable.

|                        |      |
|------------------------|------|
| \$0 - \$499,999        | 50bp |
| \$500,000 - \$999,999  | 40bp |
| \$1,000,000- 1,999,999 | 30bp |
| \$2,000,000-4,999,999  | 25bp |
| \$5,000,000+           | 20bp |

Administrative Fees for Unmanaged Assets

With respect to Unmanaged Assets as set forth in the written agreement between PCA and the client, PCA may be paid an administrative fee to hold the Unmanaged Assets on the PCA platform and provide consolidated analytics and ongoing reporting for those assets. The administrative fee for this service is \$150/year billed on a pro rata basis, quarterly, in advance. Client understands that PCA's administrative fee is in addition to fees charged by the custodian to hold the assets within the account(s).

Retirement Plan Services

Trustees and Investment Committees

Fees assessed for services provided to Trustees and Investment Committees are negotiated on a plan by-plan basis, based on the complexity of plan. For ongoing services, PCA will receive an annual fee, paid monthly, and normally based upon a percentage of the plan's total assets. These fees are in addition to any custodial, recordkeeping, or investment management fees (from Mutual Funds, ETF's, etc.). Services can be terminated by either party, at any time, by giving written notice to the other. Any collected, unearned fees will be returned to the client.

All fees are either paid directly by the plan sponsor or are charged directly to the participants through the plan's record keeper. PCA receives no compensation from 12(b)-1 fees or revenue sharing programs. Any revenue sharing programs paid out by fund companies are collected by the custodian and/or record keeper and used to offset both the custodial and/or record-keeping expenses (if there are excess fees, it is the plan sponsor's discretion how these dollars are to be used). Upon termination, any fees paid in advanced and not earned will be refunded to the client.

Participant Directed Retirement Plans

Fees charged for investment advisory services are in addition to any custodial, recordkeeping, or investment management fees (from Mutual Funds, ETF's, etc.) and are negotiated and agreed upon on a case-by-case basis. Details of the fees charged are more fully described in the written agreement

entered into with each client. Services can be terminated by either party, at any time, by giving written notice to the other. Any collected, unearned fees will be returned to the client.

All fees are either paid directly by the plan sponsor or are charged directly to the participants through the plan's record keeper. PCA receives no compensation from 12(b)-1 fees or revenue sharing programs. Any revenue sharing programs paid out by fund companies are collected by the custodian and/or record keeper and used to offset both the custodial and/or record-keeping expenses (if there are excess fees, it is the plan sponsor's discretion how these dollars are to be used). Upon termination, any fees paid in advance and not earned will be refunded to the client.

### Seminars & Educational Events

PCA IARs are permitted to host seminars on various financial topics that encourage clients to seek investment advisory services or purchase insurance products. Fees for the seminars generally range from \$0 to \$250 per session but may be higher. Fees may be negotiable for group rates and are negotiated based upon the number of attendees and the content of the seminar. Fees are due before the seminar or on the day of the seminar, as set forth in the seminar announcement. Cancellation and refund provisions for prepaid fees are disclosed in the seminar announcement or invitation.

### **B. Payment Method**

PCA's investment management fees will be charged to most clients through the direct debit of fees from the qualified custodian. Each quarter, PCA will notify the client's qualified custodian of the amount of the fee due and payable to PCA pursuant to the firm's fee schedule and the client's Agreement. The qualified custodian will not validate or check PCA's fees, its corresponding calculation, or the assets on which the fee is based unless the client has retained their services to do so. With the client's pre-approval, the qualified custodian will "deduct" the fee from the client's account or, if the client has more than one account, from the account the client has designated to pay PCA's fees. In some instances, transaction costs may be applied when liquidating securities to pay fees. Each quarter, the client will receive a statement directly from the qualified custodian showing all transactions, positions, and credits/debits into or from the client's account. Statements sent will also reflect the fees paid by the client to PCA.

For certain institutional clients, PCA may charge its fees via direct billing. In this case, each quarter, PCA will issue the client an invoice for the firm's services and the client will pay PCA by check or wire transfer within 15 days of the date of the invoice, or as negotiated and documented in the client's Agreement.

### **C. Additional Fees and Expenses**

#### Mutual Fund Fees and Exchange Traded Funds

All fees paid to PCA are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds to their shareholders. These fees and expenses will generally include a management fee, other fund expenses, and a distribution fee, typically called Rule 12b-1 fees and are described in each fund's prospectus. PCA and its IARs do not receive Rule 12b-1 fees paid by mutual funds. In most cases, mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For example, in addition to the more commonly offered retail shares classes (Class A, B, C shares), mutual funds may also offer institutional share classes and other share classes specifically designed for purchase in a fee-based investment advisory program. Institutional share classes or classes of shares designed for purchase in an investment advisory program usually have a lower expense ratio than other share classes. The appropriateness of

a particular mutual fund share class selection is dependent upon a range of different considerations, including but not limited to: the asset-based advisory fee that is charged, whether transaction charges are applied to the purchase or sale of mutual funds, the overall cost structure of the advisory program, operational considerations associated with accessing or offering particular share classes (including the presence of selling agreements with the mutual fund sponsors and PCA's ability to access particular share classes through the custodian), share class eligibility requirements, distribution fees, shareholder servicing fees or other compensation associated with offering a particular class of shares. Regardless, clients should not assume that they will be invested in the share class with the lowest possible expense ratio or cost. Please contact your IAR for more information about share class eligibility.

A client could invest in a fund directly, which would generally be more cost-effective, without the services of PCA. However, in that case, the client would not receive the services provided by PCA which are designed, among other things, to assist the client in determining which funds are most appropriate to each client's financial condition and objectives. To the extent that client assets are invested in money market funds or cash positions, the fees for monitoring those assets are in addition to the fees included in the internal expenses of those funds paid to their own investment managers, which are fully disclosed in each fund's prospectus. Accordingly, the client should review both the fees charged by the funds and the fees charged by PCA to fully understand the total amount of fees to be paid by the client and to thereby evaluate the services being provided.

#### Professional/Service Provider Fees

Fees do not include the services of any co-fiduciaries, accountants, broker dealers or attorneys. Accordingly, the fees of any additional professionals engaged by a client will be billed directly by such professional(s).

#### Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), PCA generally recommends that clients utilize the brokerage and clearing services of multiple broker-dealers, including, but not limited to, TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), Fidelity Investments Institutional Brokerage Group ("Fidelity"), Northern Trust, Morgan Stanley, Key Banc Capital Markets ("Key Banc") and U.S. Bank Institutional Trust & Custody ("U.S. Bank"). These broker-dealers offer services to independent investment advisors which include custody of securities, trade execution, clearance and settlement of transactions. PCA receives some benefits from these broker-dealers through its participation in their respective advisor services programs.

PCA may only implement its investment management recommendations after the client has arranged for and furnished PCA with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, TD Ameritrade, Fidelity, U.S. Bank and any other broker-dealer recommended by PCA, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "Financial Institutions").

Clients may incur certain charges imposed by the Financial Institutions and other third parties such as fees charged by Independent Managers (as defined above), custodial fees, charges imposed directly by a mutual fund or ETF in the account which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to PCA's fee.

PCA's Agreement and the separate written agreement with any Financial Institutions may authorize PCA or the Independent Managers to debit the client's account for the amount of PCA's fee and to directly remit that management fee to PCA or the Independent Managers. Any Financial Institutions recommended by PCA have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to PCA.

#### Fees for Partial Months of Service

For the initial period of investment management services, the fees are calculated on a pro rata basis. The Agreement between PCA and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. PCA's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as described in 5.D. below.

Clients may make additions to and withdrawals from their account at any time, subject to PCA's right to terminate an account and liquidate the assets. Additions may be in cash or securities provided that PCA reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to PCA, subject to the usual and customary securities settlement procedures. However, PCA designs its managed portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. PCA may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets may be adjusted or prorated based on the number of days remaining in that quarter. The deposits or withdrawals will be reconciled monthly based on an aggregate amount of deposits or withdrawals greater than \$5000.

#### **D. Termination and Refunds**

An Agreement may be terminated at any time, by either party, for any reason upon 10 days prior written notice to the other party. PCA is authorized to charge a client the applicable fee for up to 30 days after account termination as reasonable compensation for the orderly winding up of the client's account. If an account is terminated during a calendar quarter, fees will be adjusted pro rata based upon the number of calendar days in the calendar quarter that the Agreement was effective. A pro rata portion of any fees over \$50 per household paid in advance will be refunded to the client within a reasonable period of time.

#### **E. Additional Compensation**

Clients should be aware of and consider potential conflicts of interest related to direct and indirect forms of cash compensation and non-cash benefits that PCA and our Advisors may receive in connection with investment products and services offered to clients. These forms of compensation are in addition to client advisory fees PCA and its Advisors receive and creates an incentive to recommend certain investment products and advisory services. PCA maintains policies and procedures to ensure recommendations are suitable and require Advisors to always act in your best interest.

#### Affiliated Administrative Services Agreement

PCA has entered into an agreement with its affiliate, Valor, to provide certain administrative and operational services to Valor's business. In exchange for such services, Valor has agreed to compensate PCA based on the level of client assets that PCA places or maintains with Valor. Although Advisors do

not directly receive compensation from this arrangement, they have an incentive to recommend Valor over other third-party money managers.

#### Supervised Persons as Registered Representatives

Supervised Persons of PCA may also be licensed as registered representatives of an unaffiliated FINRA registered broker-dealer. In such capacity, those Supervised Persons can sell securities through the broker-dealer and receive normal and customary commissions and other types of compensation, for example, mutual fund 12b-1 fees or variable annuity trails. While these Supervised Persons endeavor at all times to put the interest of the clients first as part of PCA's fiduciary duty, clients should be aware that a conflict of interest exists to the extent that PCA or these individuals recommend the purchase of securities where such individuals receive commissions or other additional compensation as a result of such recommendations. This is because the receipt of commissions represents an incentive for these Supervised Persons to recommend products based on the compensation received, rather than on a client's needs. However, if a client decides to purchase the recommended investment product(s), the client is not required to purchase it through these individuals and always has the option to purchase the investment product(s) through any broker, dealer or insurance agent of their choice.

#### Supervised Persons as Licensed Insurance Agents

Supervised Persons of PCA may also be licensed as insurance agents. In this capacity, they may offer annuities and life insurance products and receive normal and customary commissions as a result of any purchases made by clients. The client is under no obligation to purchase insurance products through any Supervised Person of PCA or PCA's affiliate Clarity Insurance Marketing, LLC ("CIM"). In addition, each Supervised Person may receive other compensation such as trails in connection with insurance product transactions. The potential for receipt of commissions and other compensation when Supervised Persons of PCA act as an insurance agent gives them an incentive to recommend insurance products based on the compensation received, rather than the client's needs.

#### Tiered Cash Payment Program

PCA provides a tiered quarterly cash payment to certain investment adviser representatives based on their total amount of assets under management.

#### Cash/Non-Cash Compensation

PCA allows its Advisors to participate in advisor conferences sponsored occasionally by PCA and/or its affiliated companies where they offer non-cash compensation to Advisors. Examples of this non-cash compensation include, but are not limited to, airfare, hotel, meals, cost associated with seminars/educational events, and entertainment expense to attend advisor meetings or conferences. Certain third parties may pay for permissible non-cash compensation, such as business entertainment, during PCA-sponsored trip or event. Certain independent third parties, including but not limited to Dimensional Fund Advisors (DFA), Loring Ward, Assetmark, and Lincoln Financial also reimburse PCA and its Advisors for customary expenses associated with firm or client marketing, educational seminars, and training events. The receipt of cash and/or non-cash compensation creates a conflict of interest to recommend certain investment product or services over others.

An advisor may also be eligible to receive access to training, education, and marketing materials from PCA's affiliate, Clarity 2 Prosperity, on a reduced or no-cost basis. In general, the Advisor must generate a certain amount of investment advisory and/or fixed insurance business during a specified period of time to be eligible for this non-cash compensation. PCA's Advisors may also be licensed and appointed with various insurance companies to offer insurance products to you. Insurance companies also offer cash and/or non-cash compensation based upon premiums received by insurance carrier. This creates an incentive and conflict for an advisor to recommend products of a specific insurance carrier.

PCA's affiliate, Clarity Insurance Marketing ("CIM"), may also offer non-cash compensation to their Advisors. The revenue received by CIM for the sale of insurance products is generally greater than the revenue received by PCA from an advisory relationship and is an incentive for an Advisor to offer insurance products over advisory services. Any insurance product sale is subject to a suitability review by the insurance company.

The non-cash compensation PCA awards its Advisors is based on the total of net new assets brought to PCA during a defined qualification period, not for the sale of specific financial products or services.

CIM offers non-cash compensation for sales of non-securities insurance products for which CIM acts as broker based on the level of premium received during a defined time period. In addition, to be eligible for this non-cash compensation, the Advisor must determine that the new advisory relationship and business placed with PCA, its affiliate, CIM, is suitable for the client and in the client's best interest.

#### Enterprise Partner Program

PCA and its affiliates offer eligible IARs additional financial benefits through the Enterprise Partner Program ("EPP"). Based on C2Pe's results and consideration of an IAR's level of business and utilization of PCA's affiliate for all fixed insurance business, certain PCA IARs may receive a pro-rata C2Pe equity grant. Because the equity grant received may increase based upon the level of business directed through PCA and its affiliates, IARs have a conflict of interest to recommend products and services based on the financial incentive.

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

PCA does not provide any services for performance-based fees or engage in the side-by-side management of client accounts. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. PCA's fees are calculated as described above in Item 5 - Fees and Compensation - and are not charged on the basis of a share of the capital gains upon, or capital appreciation of, the funds in a client's account.

### **Item 7. Types of Clients**

PCA primarily provides its services to individuals, high-net worth individuals, trusts, corporations or other businesses, broker/dealers, non-for-profit organizations, fraternal organizations, state or municipal government entities, and pension and profit-sharing plans.

#### Engaging the Services of PCA

All clients wishing to engage PCA for investment management and/or advisory services must first complete the applicable Agreement as well as any other document or questionnaire provided by PCA. The Agreement describes the services and responsibilities of PCA to the client. It also outlines PCA's fee in detail. In addition, clients must complete certain broker-dealer/custodial documentation as well as any documentation required by any Independent Managers or other service providers used. Upon completion of these documents, PCA will be considered engaged by the client.

#### Minimum Account Size and/or Fee

As a condition for opening an account, PCA generally requires a minimum portfolio size of \$5,000 \$75,000 depending on the advisory services selected; however, exceptions may be granted. Certain Independent Managers may impose more or less restrictive account requirements and varying billing practices than PCA. In such instances, PCA may alter its corresponding account requirements and/or

billing practices to accommodate those of the Independent Managers. Minimum Annual Fee – \$150.00 per year and is billed on a quarterly basis.

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

### **A. Methods of Analysis and Risk of Loss**

#### Methods of Analysis

PCA utilizes various types of tools and methods to assist in recommending or selecting investment strategies to Clients including but not limited to target asset-class allocations to reflect information supplied by the client regarding the client's individual financial circumstances, expressed cash needs, risk tolerance, investment objectives, and other factors.

PCA's affiliate, Valor, which operates as a Turnkey Asset Manager Program ("TAMP"), Sub-advisor and/or Fund Strategist providing asset management and administrative services which are utilized by PCA IARs for the benefit of their retail investors. Valor offers model portfolios which your PCA IAR can select to invest your assets and provides asset-class allocation programs to PCA, which designates specified percentages within multiple securities asset-classes with the intent of creating a diversified investment portfolio of no load institutional mutual funds and ETFs. Its models are designed for longer-term investors. The client and/or his or her Advisor have the opportunity to review and approve such recommended asset allocation programs. PCA also engages with other nonaffiliated registered investment advisers as sub-advisers each of whom will have its own methods of analysis, investment strategies and unique investment risks that should also be reviewed and considered.

#### Investing Involves Risk

All investments are subject to risk. PCA's portfolios attempt to historically quantify risks and minimize certain risks by diversification among different types of asset classes, but diversification neither assures a profit nor protects against a loss in a declining market. There is no assurance that PCA will be successful, and clients are advised that they are subject to the risks of the securities markets. These risks include general market trends, unintended concentrations in certain markets, sectors and individual issuers, government regulation, and lack of sufficient market liquidity. Fixed income investments are subject to interest rate risks and volatility of market prices. Real estate securities are subject to property value changes, rental income, property taxes, and tax and regulatory changes. Foreign securities and emerging market investments are subject to the same risks as discussed herein and subject to the risks of currency exchange rate changes, political instability, and different methods of accounting and finance reporting. The additional risks associated with small company and value securities includes increased volatility and less liquidity. Past performance does not guarantee future returns.

### **B. Risks Associated with Investment Strategies**

#### Similarly, Managed Accounts

For certain clients, PCA may manage portfolios by allocating portfolio assets among various mutual funds /securities on a discretionary basis using one or more of recommended investment strategies defined in in Item 8 above. In so doing, PCA and/or the Independent Manager may buy, sell, exchange and/or transfer shares of mutual funds / securities based upon the investment strategy.

PCA's management using the investment strategy complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the investment strategy, with a safe harbor from the definition of an investment company.

The investment strategy may involve an above-average portfolio turnover that could negatively impact upon the net after-tax gain experienced by an individual client. Clients are encouraged to consult a tax professional regarding the tax implications of any investment strategy.

### **C. Cybersecurity Risk**

The computer systems, networks, and devices used by PCA, Valor and service providers to PCA and our clients to carry out our business operations engage a variety of safety measures designed to prevent interruption from computer viruses, systems failures, infiltration by unauthorized persons and other security breaches. Despite the various protection efforts employed, systems, networks and/or devices can be breached. PCA and clients could be negatively impacted as a result of a cybersecurity breach. For example, cybersecurity breaches may cause disruptions in business operations which in turn may potentially result in a financial loss to a client; the inability by us and/or other services providers to transact business; violations of applicable privacy laws; the inadvertent release of confidential information, regulatory fines, penalties and/or reputational damage. Similar adverse consequences could apply to issuers of securities in which a client invests, exchange and other financial market operators, government authorities, banks, or other financial institutions, among other parties.

### **D. Disease Outbreak Risk**

Disease outbreaks that affect local economies or the global economy may have material and adverse impacts on PCA, the market, and investments. Outbreaks such as Coronavirus (COVID-19) can be expected to cause severe decreases in core business activities such as manufacturing, purchasing, tourism, business conferences and workplace participation, among others. These disruptions lead to instability in the marketplace, including stock market losses and overall volatility, as have recently occurred in connection with COVID-19. In addition, these disruptions result in shortages of parts for production as well as medicines and other healthcare-related products and services. Healthcare related institutions, personnel, services, and products may be particularly overwhelmed or become dysfunctional. Governments can also take extreme and unpredictable measures in order to combat the spread of disease and mitigate the resulting market disruptions and losses. The full impacts of disease outbreaks are unknown, resulting in a high degree of uncertainty for potentially extended periods of time.

## **Item 9. Disciplinary Information**

PCA is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. PCA does not have any required disclosures to this Item.

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

PCA is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. PCA has described such relationships and arrangements below.

Supervised Persons may also offer their services, including those described above, as a PCA Investment Advisory Representative through another name. We call this a "doing business as" (dba) name. For

example, instead of operating under the name John Doe, the representative may operate under Doe Financial Group or XYZ Wealth Management. In these circumstances, the client may be provided with financial planning, accounting, tax and or legal services, but only the investment management services, are offered through PCA.

PCA may provide investment advisory services to companies that provide products and/or services to PCA and its affiliated entities. PCA provides its services on commercially reasonable terms consistent with the disclosure regarding fees as set forth in Item 4 above. The products and/or services PCA receives from third-party service providers (that also receive advisory services from PCA) are on the same terms that are available to the general public.

**A. Broker-Dealer Registration and Registered Representatives**

PCA is not registered, nor does it have an application pending to register, as a broker-dealer. Certain of PCA's Supervised Persons, in their individual capacities, are also registered representatives with various unaffiliated FINRA-registered broker-dealers, and in such capacity, may recommend, on a fully disclosed commission basis, the purchase of certain investment products. While PCA does not sell any commissionable investment products to its clients, PCA does permit its Supervised Persons, in their individual capacities as registered representatives, to sell investment products to their clients. A conflict of interest exists to the extent that PCA's advisor recommends the purchase of investment products where PCA's Supervised Persons receive commissions or other additional compensation.

To the extent that clients wish one or more of these individuals to implement any recommendations made by PCA, the purchase or sale of any securities in conjunction with the implementation of such recommendations is made through one or more of these broker-dealers. Clients are free, however, to implement PCA's recommendations through any broker-dealer that they choose. The receipt of commissions for recommended products represents an incentive for these individuals to recommend products that pay a commission over other products, therefore creating a conflict of interest. Additionally, if a client implements the recommendation through these individuals, the client may be limited to those products or services available through these broker-dealers.

Commissions earned may be higher or lower at these broker-dealers than other broker-dealers. Notwithstanding the fact that these individuals are registered representatives of such broker-dealers, each of these Investment Advisor Representatives is solely responsible for the investment advice rendered. PCA's advisory services are provided separately and independently of these broker-dealers.

**B. Futures and Commodity Registration**

PCA is not registered, nor does it have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor. No management person is registered, nor does any management person have an application pending to register, as an associated person of a futures commission merchant, commodity pool operator or a commodity trading advisor.

**C. Financial Institution Consulting Services**

PCA has agreement(s) with broker/dealers to provide investment consulting services to Brokerage Customers. Broker/dealers pay compensation to PCA for providing investment consulting services to Brokerage Customers. This consulting arrangement does not include assuming discretionary authority

over Brokerage Customers' brokerage accounts or the monitoring of securities. These consulting services offered to Brokerage Customers may include a general review of Brokerage Customers' investment holdings, which may or may not result in PCA's investment adviser representative making specific securities recommendations or offering general investment advice. Brokerage Customers will execute a written advisory agreement directly with PCA for the investment advisory services described herein.

This relationship presents conflicts of interest. Potential conflicts are mitigated by Brokerage Customers consenting to receive investment consulting services from PCA; by PCA not accepting or billing for additional compensation on broker/dealers' assets under management beyond the consulting fees disclosed in Item 5 in connection with the investment consulting services; and by PCA not engaging as, or holding itself out to the public as, a securities broker/dealer. PCA is not affiliated with any broker/dealer.

#### **D. Financial Industry Affiliations**

PCA is under common control with Valor Capital Management, LLC ("Valor"), another SEC registered investment adviser. Some officers and/or employees of PCA are also officers and/or employees of Valor. This common ownership creates a conflict of interest. PCA has an economic incentive to recommend that clients invest their assets with its affiliated adviser, Valor, in lieu of selecting an independent investment manager to manage client assets, because PCA's organization earns an advisory fee for such services and other financial benefits.

PCA is under common control with Clarity Insurance Marketing, LLC ("CIM") which is an insurance agency and insurance marketing organization facilitating the selection and support for fixed annuities, fixed index annuities, single premium and deferred-income annuities, life insurance, disability insurance, long-term care insurance, Medicare supplement insurance and final expense funeral trust policies to insurance agents throughout the United States. CIM may offer fixed insurance products of certain PCA institutional clients to its agents on the same terms as available to other customers. Some officers and/or employees of PCA are also officers and/or employees of CIM.

PCA is under common control with Clarity 2 Prosperity, LLC which is a financial training, coaching and IP development organization which provides training on the financial planning process. As indicated under the disclosure for Item 5, PCA IAR's are eligible to receive access to training, education, and marketing material on a reduced or no-cost basis.

#### **Licensed Insurance Producers**

Certain of PCA's Supervised Persons, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. While PCA does not sell such insurance products to its clients, PCA does permit its Supervised Persons, in their individual capacities as licensed insurance agents, to sell insurance products to their clients. A conflict of interest exists to the extent that PCA's adviser recommends the purchase of insurance products where PCA's Supervised Persons receive insurance commissions and/or other additional compensation.

#### **Tax Professionals**

Certain of PCA's Supervised Persons, in their individual capacities, are also Certified Public Accountants, Enrolled Agents, or tax professionals, or may recommend the services of an outside certified public accountant, including representatives from their own outside firm to its clients. A

conflict of interest exists to the extent that PCA's adviser recommends accounting services where PCA's Supervised Persons may receive any fees or additional compensation, referral or otherwise.

#### Referrals to Related Estate Planning Attorneys

PCA does not render legal advice or services to its clients. Certain of PCA's Supervised Persons, in their individual capacities, may recommend the services of an outside legal estate planning specialist, including representatives from their own outside firm to its clients. A conflict of interest exists to the extent that PCA's adviser recommends legal and estate planning services where PCA's Supervised Persons may receive any fees or additional compensation, referral or otherwise.

### **Item 11. Code of Ethics**

PCA and persons associated with PCA ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with PCA's policies and procedures. PCA has adopted a Code of Ethics that sets forth the standards of conduct expected of its Associated Persons and requires compliance with applicable securities laws. In accordance with Section 204-A of the Investment Advisers Act of 1940 (the "Advisers Act"), its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by PCA or any of its Associated Persons. The Code of Ethics also requires that certain of PCA's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. PCA's Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and quarterly securities holdings reports that must be submitted by the firm's Access Persons. The code also provides for oversight, enforcement, and recordkeeping provisions. A complete copy of PCA's Code of Ethics may be obtained by contacting the firm at the telephone number, address and/or email address listed on the cover of this document.

### **Item 12. Brokerage Practices**

#### **A. Brokerage Selection**

As discussed above, in Item 5, PCA maintains discretion over the choice of clearing brokers to be used in executing client transactions. Generally, PCA recommends that clients utilize the brokerage and clearing services of TD Ameritrade, Fidelity and U.S. Bank. Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. Clients enter into a separate agreement with the custodian chosen by them and transactions are executed through the broker appointed by them.

#### Best Execution

Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances." 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 Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness.

The commissions paid by PCA's clients comply with PCA's duty to obtain "best execution." When placing portfolio transactions for client accounts, PCA's primary objective is to obtain the best price and best execution, considering the costs, promptness of execution and other qualitative considerations. While we make every attempt to obtain the best execution possible, there is no assurance that it will be obtained. You should consider whether our programs result in costs or other disadvantages to you as a result of possibly less favorable trade executions.

#### Broker Analysis

PCA evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer's trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving PCA.

Also, in consideration is such broker-dealers' provision or payment of the costs of research and other investment management-related services (the provisional payment of such costs by brokers are referred to as payment made by "soft dollars", as further discussed in the "Research/Soft Dollar Benefits" section immediately below). Accordingly, if PCA determines in good faith that the amount of trading costs charged by a broker-dealer is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker, the client may pay trading costs to such broker in an amount greater than the amount another broker might charge.

PCA is responsible for monitoring and evaluating the performance and execution capabilities of brokers that transact orders for our client accounts to ensure consistent quality executions. PCA periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions considering its duty to obtain best execution.

#### Research/Soft Dollar Benefits

As stated above, PCA utilizes the services of the multiple broker-dealers, including, but not limited to, TD Ameritrade, Fidelity, Northern Trust and U.S. Bank. While there is no direct linkage between the investment advice given to clients and PCA's use of these broker-dealers, economic benefits are received by PCA (e.g., benefits that PCA does not pay for), which would not otherwise be received if PCA did not direct client trades to these broker-dealers. While PCA is not affiliated with these broker-dealers, they may provide PCA with access to its institutional trading and operations services, which are typically not available to retail investors. These services may include research, brokerage, custody, 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.

These broker-dealers may also make available to PCA other products and services that benefit PCA but may not benefit its clients' accounts. Some of these other products and services assist PCA in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of PCA's fees from its clients' accounts, and assist with back-office support, record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of PCA's accounts, including accounts not maintained at the specific broker-dealer that is offering this particular service. These broker-dealers also provide PCA with other services intended to help PCA manage and further develop its business enterprise. These services may include consulting, publications, conferences and presentations on practice management, information technology, business succession, regulatory compliance, and

marketing. In addition, these broker-dealers may make available, arrange and/or pay for these types of services to PCA by independent third parties. These broker-dealers may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to PCA.

While as a fiduciary PCA endeavors to act in its clients' best interests, PCA's recommendation that clients maintain their assets in accounts with certain broker-dealers may be based in part on the benefit to PCA of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage provided by these broker-dealers which may create a conflict of interest.

### Directed Brokerage

#### **PCA Directed Brokerage**

As stated above, clients in need of brokerage will have one or more broker-dealers recommended to them. While there is no direct linkage between the investment advice given and usage of these broker-dealers, economic benefits may be received by PCA for directing client trades to a particular broker-dealer. PCA does not participate in any transaction fees or a commission paid to the broker dealer or custodian and does not receive any fees or commissions for the opening or maintenance of client accounts at recommended brokers.

Not all investment advisers require their clients to direct brokerage. PCA is required to disclose that by directing brokerage, PCA may not be able to achieve most favorable execution of client transactions and that this practice may cost clients more money.

#### **Client Directed Brokerage**

The client may direct PCA in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and PCA will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by PCA (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, PCA may decline a client's request to direct brokerage if, in PCA's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

As a general rule, PCA encourages each client to compare the possible costs or disadvantages of directed brokerage against the value of custodial or other services provided by the broker to the client in exchange for the directed brokerage designation.

## **B. Trade Aggregation/Allocation**

Transactions for each client generally will be effected independently, unless PCA decides to purchase or sell the same securities for several clients at approximately the same time. PCA may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among PCA's client's differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among PCA's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent

that PCA determines to aggregate client orders for the purchase or sale of securities, including securities in which PCA's Supervised Persons may invest, PCA generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the SEC. PCA does not receive any additional compensation or remuneration as a result of the aggregation. In the event that PCA determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, PCA may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

#### Trade Errors

PCA's policy is to identify and correct trade errors as promptly as possible without creating disadvantage to the client or benefit to PCA in any way. As soon as a trade error is identified, PCA will promptly proceed in correcting it. To the extent correction of the error results in a gain to a client's account, the gain will be held within the error account at the appropriate broker-dealer. Certain broker-dealers may choose to donate a portion of this trade error account to charity; however, PCA has no control over the amount donated or the charitable organization to which the donations are sent. If it is determined that a trade error was caused by the executing broker-dealer, PCA will ensure that the error is resolved and documented, and clients are reimbursed as necessary. The documentation of such trade errors may be used in the firm's best execution review process.

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

For those clients to whom PCA provides asset management services, PCA monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least an annual basis. For those clients to whom PCA provides financial planning and/or consulting services, reviews are conducted on an "as needed" or "as requested" basis. Such reviews are conducted by one of PCA's Investment Adviser Representatives. All clients are encouraged to discuss their needs, goals, and objectives with their Investment Adviser Representative and subsequently PCA and to keep PCA informed of any changes thereto.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom PCA provides asset management services may also receive a report from PCA that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance as clients may request from time to time. Clients should compare the account statements they receive from their custodian with those they receive from PCA.

Those clients to whom PCA provides financial planning services will not receive either written or oral reports regarding their Financial Plans unless they enter into a subsequent written agreement with

PCA for post-Financial Plan services, which include additional meeting and/or updates to the existing financial plan.

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

### **A. Economic Benefits**

PCA does not receive any economic benefits such as sales awards or other prizes from any non-client for providing services to the firm's clients.

### **B. Client Referral**

If a client is introduced to PCA by either an unaffiliated or an affiliated (a PCA employee, officer, director, and/or representative) solicitor, PCA may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from PCA's investment management fee and does not result in any additional charge to the client. If the client is introduced to PCA by an unaffiliated solicitor, the solicitor provides the client with a copy of PCA's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of PCA discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of PCA's written disclosure brochure at the time of the solicitation.

PCA has entered into a solicitation agreement with an unaffiliated registered investment adviser and, where appropriate, PCA will refer a client to the unaffiliated RIA for services not offered thru PCA. Under this agreement, PCA is paid a solicitor fee for recommending clients use their services.

### **C. Other Compensation**

As indicated under the disclosure for Item 12, PCA participates in TD Ameritrade's institutional customer program and PCA generally recommends TD Ameritrade to Clients for custody and brokerage services. There is no direct link between PCA's participation in the program and the investment advice it gives to its Clients, although PCA receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): Custody of client assets, receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology back office functions, and practice management products or services provided to PCA by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by PCA's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit PCA but may not benefit its Client accounts. These products or services assist PCA in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help PCA manage and further develop

its business enterprise. The benefits received by PCA or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, PCA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by PCA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the PCA's choice of TD Ameritrade for custody and brokerage services.

PCA also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include Morningstar Direct. TD Ameritrade provides the Additional Services to PCA in its sole discretion and at its own expense, and PCA does not pay any fees to TD Ameritrade for the Additional Services. PCA and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

PCA's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to PCA, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, PCA's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with PCA, in its sole discretion, provided certain conditions are met. Consequently, to continue to obtain the Additional Services from TD Ameritrade, PCA may have an incentive to recommend to its clients that the assets under management by PCA be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. PCA's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts. Please also refer to Item 5.E. for additional relevant information and disclosures.

## **Item 15. Custody**

PCA does not maintain custody of client funds or securities except to the extent that pursuant to PCA's Agreement and/or the separate agreement with any Financial Institution the client may authorize PCA to debit the client's account for the amount of PCA's investment management fee and to directly remit that fee to PCA in accordance with applicable custody rules.

The Financial Institutions recommended by PCA have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to PCA. In addition, as discussed in Item 13, PCA may also provide periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from PCA.

## **Item 16. Investment Discretion**

PCA is generally given the authority to exercise discretion on behalf of its investment management clients. PCA is considered to exercise investment discretion over a client's account if it can affect transactions for the client without first having to seek the client's consent. PCA is given this authority through a limited power-of-attorney included in the Agreement between PCA and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). PCA takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;

- When transactions are made; and
- The Independent Managers to be hired or fired.

## **Item 17. Voting Client Securities**

### **Proxy Voting**

PCA does not vote proxies on behalf of its clients. Therefore, although PCA may provide discretionary investment management services relative to client investment assets, it is the client that maintains exclusive responsibility for: (i) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and (ii) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceeding or other type events pertaining to the client's investment assets. PCA and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. Clients can contact PCA at (440) 471- 0345, if they have questions regarding a particular solicitation.

For clients invested with Independent Managers and/or SMAs, such Independent Managers and/or SMAs may vote proxies on behalf of clients. In the event an Independent Manager and/or SMAs does indeed have a policy to vote proxies, clients maintain exclusive responsibility to: 1) direct the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted; and 2) make any elections pertaining to the client's investment assets.

### **Legal Proceedings**

Although PCA may have discretion over client accounts, it will not be responsible for handling client claims in class action lawsuits or similar settlements involving securities owned by the client. Clients will receive the paperwork for such claims directly from their account custodians. Each client should verify with their custodian or other account administrator whether such claims are being made on the client's behalf by the custodian or if the client is expected to file such claims directly.

## **Item 18. Financial Information**

### **A. Prepayment of Fees**

Because PCA does not require or accept prepayment of more than \$1,200 in fees six months or more in advance where planning services cannot be provided, PCA is not required to include a balance sheet with this disclosure brochure.

### **B. Financial Condition**

PCA does not have any adverse financial conditions to disclose.

### **C. Bankruptcy**

PCA has never been the subject of a bankruptcy petition.