

# WISELY ADVISED, LLC

## FIRM BROCHURE (ADV PART 2A)

DECEMBER 5, 2017

# WISELY ADVISED

*Mailing Address:*  
7801 W. 159<sup>th</sup> Street  
Tinley Park, IL 60477  
Phone: (708) 572-3000  
*Email: [Retire@wiselyadvised.com](mailto:Retire@wiselyadvised.com)*  
*Website: [www.wiselyadvised.com](http://www.wiselyadvised.com)*

This brochure combined with its supplemental brochure provides information about the qualifications and business practices of Wisely Advised, LLC (hereinafter "Wisely Advised" or the "Firm"). If you have any questions about the contents of this brochure, please contact him at (708) 572-3000 or [Retire@wiselyadvised.com](mailto:Retire@wiselyadvised.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Wisely Advised is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser. Additional information about Wisely Advised is available on the SEC's website [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 the Adviser is 159093.

## 2. MATERIAL CHANGES

In this Item, Wisely Advised is required to discuss any material Changes that have been made to the brochure since the last annual amendment dated March 28, 2017. The firm made the following material changes to the brochure.

- The firm has revised item 4 to reflect the fact that the firm has changed its legal operating name. The firm will no longer operate as Velasquez Capital Investments, LLC. Moving forward the firm will operate as Wisely Advised, LLC (Wisely Advised).

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each client annually and if a material change occurs in the business practices of Wisely Advised.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosures website at <http://www.adviserinfo.sec.gov> by searching for our firm name or by our CRD number 159093.

You may also request a copy of this Disclosure Brochure at any time, by contacting us at (708) 572-3000.

# Table of Contents

## Form ADV – Part 2A – Firm Brochure

Item 1. Cover Page .....	1
Item 2. Material Changes.....	2
Item 3. Table of Contents.....	3
Item 4. Advisory Business.....	4
Item 5. Fees and Compensation .....	6
Item 6. Performance-Based Fees and Side-By-Side Management .....	8
Item 7. Types of Clients.....	9
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	9
Item 9. Disciplinary Information.....	10
Item 10. Other Financial Industry Activities and Affiliations .....	10
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	11
Item 12. Brokerage Practices .....	12
Item 13. Review of Accounts.....	13
Item 14. Client Referrals and Other Compensation .....	14
Item 15. Custody.....	14
Item 16. Investment Discretion .....	14
Item 17. Voting Client Securities .....	15
Item 18. Financial Information .....	15
Item 19. Requirements for State-Registered Advisers.....	15

#### 4. ADVISORY BUSINESS

##### A. OWNERSHIP/ADVISORY HISTORY

Wisely Advised, LLC (Wisely Advised) is an Investment Adviser registered with the State of Illinois. We were founded in September 2011 as Velasquez Capital Investments, LLC with a name Change to Wisely Advised in December 2017. Jorge A. Velasquez, Jr. "Tony" is the owner and sole member of the firm. Additional information about Mr. Velasquez can be found under Item 19.

##### B. ADVISORY SERVICES OFFERED

The Advisor's services include portfolio management, hourly financial planning, ongoing financial planning, estate settlement assistance and qualified plan account management services. The Advisor will meet with a client to evaluate the individual client's investment needs, goals and objectives. After the evaluation, the Advisor may recommend one or more of the services described below. The

##### i. PORTFOLIO MANAGEMENT

We manage client accounts on a discretionary basis. We use a fundamental and technical method of analysis to evaluate and identify those equities, exchange traded funds, bonds, mutual funds or other securities that are best suited to a client's stated goals and determined risk tolerances.

We offer five model portfolios along with a custom portfolio. These are described as follows:

***Conservative Portfolio*** – This portfolio seeks to preserve capital and provide income if necessary.

***Moderate Conservative Portfolio*** – This portfolio seeks to preserve principal, achieve price stability with some long-term capital growth.

***Moderate Portfolio*** – This portfolio seeks long-term return through a balance between income and the potential for long-term capital growth.

***Moderate Aggressive Portfolio*** – This portfolio, while still moderate in nature, seeks long-term capital appreciation.

***Aggressive Portfolio*** – This portfolio seeks long term capital appreciation with in mostly equity type securities.

***Custom Portfolio*** – For a client with an investment profile that does not fit within the five model portfolios we offer a custom portfolio. We work with the client to formulate an individualized portfolio based upon his/her objectives, time frame, risk parameters and other investment considerations.

##### ii. FINANCIAL PLANNING

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service will receive a written or an electronic

report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern and will take the below approximate time to complete:

- Personal: Family records, budgeting, personal liability, estate information and financial goals (Approximately one to four hours)
- Death & Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis. (Approximately one to two hours)
- Retirement: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals (Approximately one to two hours)
- Investments: Analysis of investment alternatives and their effect on a client's portfolio. (Approximately one to four hours)

#### Ongoing Financial Planning Services

Adviser offers ongoing planning services where it continuously monitors, updates and manages the client's written financial plan. The ongoing service covers the client's financial situation, current income, future income needs, assets not managed by the Adviser, such as the client's employer sponsored retirement plan and/or the client's personal investment held in personal brokerage accounts, and assets managed by the Adviser. At the beginning of the relationship Adviser meets the client to review the client's financial situation, current income, future income needs, employer sponsored retirement plans, personal brokerage accounts and accounts managed by the Adviser. For employer sponsored retirement plans Adviser will review employer sponsored plan's available investment options and make an asset allocation recommendation to the client. Similarly, for personal assets held way Adviser will review the assets and propose an asset allocation. Adviser offers three levels of this service based on the client's net worth and financial complexity. Adviser will create a written financial plan with the gathered information. Based on the level chosen (see below), Adviser will update the written plan. The levels include:

*Level One* – Adviser reviews client's holdings at a high level and makes asset allocation recommendations if deemed necessary. Adviser provides recommendations on a regular basis via e-mail and by telephone.

*Level Two*– Adviser reviews client's holdings at a high level and makes asset allocation recommendations if deemed necessary. Adviser provides recommendations on a regular basis through e-mail, by telephone and meets with client's annually to discuss these holdings.

*Level Three* – Adviser reviews client's holdings at a high level and makes asset allocation recommendations if deemed necessary. Adviser also conducts a detailed security analysis of each investment. Adviser and client work together to create a predetermined retirement goal. Adviser provides recommendations on a regular basis through e-mail, by telephone and meets with client's bi-annually to discuss these holdings.

iii. ESTATE SETTLEMENT ASSISTANCE

We assist with the settlement of estates. We bring organization and peace of mind to a very difficult time. We do not take over the position of authority of the executor. We work with the executor to organize assets that could include the following services: Contacting insurance companies; Contacting banks; Contacting investment firms; Gathering forms and assistance in filling them out; or assist in filing insurance claims.

iv. QUALIFIED PLAN ACCOUNTS MANAGEMENT SERVICES

For our business clients, we offer advice on Qualified Plan Accounts. We work with the trustee(s) and third party administrators of the plan to form and facilitate an investment committee, if one is not currently present, in order to assist such in formulating an appropriate Investment Policy Statement, Policies and Procedures (intended to be in compliance with fiduciary standards of care) as well as quarterly investment committee monitoring meetings, all designed to allow the trustees of the plan to administer it in a fiduciary complaint manner.

Additionally, we offer the following additional services: investment education and counseling to plan participants; asset allocation and portfolio analysis; mutual fund research and recommendations; equity research and recommendations; and portfolio monitoring.

C. TAILORED SERVICES

Our services are individualized to each client. However, we generally do not allow clients to place restrictions on the types of securities held in their accounts.

D. WRAP PROGRAM

We do not sponsor a wrap program. This section is not applicable.

E. CLIENT ASSETS MANAGED

As of January 1, 2017, we manage \$9,285,747 in client assets on a discretionary basis.

**5. FEES AND COMPENSATION**

A. PORTFOLIO MANAGEMENT SERVICES

Fees for accounts are calculated and billed quarterly in advance using the annualized rates below.

<b>Custodian Reported Value of Account</b>	<b>Management Fee</b>
Up to \$100,000	2.00%
\$100,000 to \$500,000	1.50%
\$500,000 to \$1,000,000	1.25%
\$1,000,001 and above	1.00%

Notwithstanding the annualized management fee, we require a minimum fee of \$200 per year per account. The pro-rated first quarter's management fee will be calculated on the Account's initial value as reported by the account's custodian. Thereafter, the management fee will be calculated on the Account's previous quarter end value as reported by the account's custodian. Because we charge in advance, any client that terminates their contract within a quarter will receive a prorated refund of

fees that is based on the amount of time elapsed during the quarter. Cash balances and investments in money market funds are covered by the Account and are included in the fee calculations.

Fees for services to be performed will not be collected six or more months in advance. Fees are billed directly to the custodian, payable quarterly in advance.

Our fees are exclusive of third party adviser's fees, brokerage commissions, transaction fees, and other related costs and expenses that are incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee. For more information about our brokerage practice please see Item 12.A.

A client may terminate the Investment Management Agreement for any reason at any time and, within the first five business days after signing the contract, without any cost or penalty. Thereafter, the contract may be terminated at any time by giving ten (10) days written notice. Upon termination, fees will be prorated for the number of days that services were rendered on the Account's valuation as of the termination date.

**B. FINANCIAL PLANNING**

The aforementioned services are provided on a fixed or hourly fee basis in accordance with the following fee schedule:

**Hourly Financial Planning:** We assess an hourly rate of \$175 an hour for financial planning services. The minimum hourly planning fee is \$175. The number of hours will vary depending upon the complexity of the financial situation, the estimate of hours involved, including preparation and research, areas to be specified and estimated in the written agreement for services. The hourly fee can be negotiated with the client. All fees for planning services are agreed upon in advance in writing and due at that time. For prepaid fees in excess of \$500.00, services will be completed within six months of the date fees are received.

**Ongoing Financial Planning:** Our ongoing financial planning service is a fixed fee that is charged on a quarterly basis. The fees are charged at the beginning of each quarter. The fees are:

	Quarterly Fee
<b>Level 1</b>	\$50
<b>Level 2</b>	\$125
<b>Level 3</b>	\$250

The fee is charged via ACH through the client's checking account. The client may cancel the financial planning agreement for any reason during the first five (5) days from the date of signing the agreement and will receive a refund of 100% of all fees paid without cost or penalty. After the first five (5) days, written termination will result in a pro-rated refund of any prepaid and unearned fee to the client based upon the number of hours worked on the financial plan at rate of \$175 per hour. To

cancel the agreement, the client must notify us in writing to Wisely Advised, LLC, 7801 W. 159<sup>th</sup> Street. Tinley Park, IL 60477.

#### C. ESTATE SETTLEMENT ASSISTANCE

Our fee for estate settlement assistance service is a fixed fee of three percent of the account value on the date of death. The fee is collected at the end of the settlement services. This fee is negotiable depending on the complexity of the estate. The fee is paid by the survivor, executor, or trustee.

The client may cancel the estate settlement assistance service for any reason during the first five (5) days from the date of signing the agreement and will receive a refund of 100% of all fees paid without cost or penalty. After the first five (5) days, written termination will result in us charging a pro-rated amount of our fee based on an hourly rate of \$175. The client will receive an invoice that will be due upon receipt. To cancel the agreement, the client must notify firm in writing at to Wisely Advised, LLC, 7801 W. 159<sup>th</sup> Street. Tinley Park, IL 60477.

#### D. QUALIFIED PLAN ACCOUNTS MANAGEMENT SERVICES

Fees for Qualified Plan Account portfolio supervisory services will be either a percentage of the assets under management. The fees are outlined below. Fees will not be based upon a share of capital gains or capital appreciation of the funds or of any portion of the funds under advisory contract. Fees will be calculated, accrued and due quarterly in advance.

<b>Value of Account</b>	<b>Annual Management Fee</b>
\$0 - \$1,000,000	.75%
\$1,000,001 - \$5,000,000	.65%
\$5,000,001 - \$10,000,000	.55%
\$10,000,001 and above	.45%

The first quarter's ongoing management fee will be based on the accounts initial market value as reported by the plan's custodian and it will be a pro-rated amount equal to the time the account was invested. Thereafter, the ongoing management fee will be calculated on the plan's preceding quarter end value by the plan's custodian. Because we charge in advance, any client that terminates their contract within a quarter will receive a prorated refund of fees that is based on the amount of time elapsed during the quarter. Under some circumstances our fees may be lower than the rate schedule and can be negotiated. Accordingly, rates may vary based on a variety of factors. For example, in determining fees, rates, and minimums, we may aggregate related accounts and, for billing purposes, treat them like one account.

A client may terminate the Investment Management Agreement for any reason at any time and, within the first five (5) business days after signing the contract, without any cost or penalty. Thereafter, the contract may be terminated at any time by giving ten (10) days written notice. Upon termination, fees will be prorated based upon the number of days that services were rendered after the Account's valuation date.

### **6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT**

The Adviser does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## 7. TYPES OF CLIENTS

We offer our services to individuals, municipal entities, pension and profit sharing plans, trusts, estates, corporations and other businesses. We do not have a minimum account size.

## 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

We use a combination of fundamental and technical analysis to form client portfolios.

Fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect a company's *actual* business and its future prospects. The analysis is performed on historical and present data. On a broader scope, one can perform fundamental analysis on industries or the economy as a whole. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.

Technical analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

In addition to fundamental and technical analysis, we rebalance our portfolios at least every 12 to 18 months or a frequently as necessary. Rebalancing involves periodically buying or selling assets in client portfolio to maintain the original desired level of asset allocation.

Our analysis of securities and advice relating thereto may be based upon information obtained from financial newspapers and magazines, research materials prepared by others, corporate ratings services, and annual reports, prospectuses and filings made with the Securities and Exchange Commission. We also utilize computer models for performance analysis, asset allocation and risk management.

### B. RECOMMENDED SECURITIES AND INVESTMENT RISKS

We use several types of securities in our clients' accounts. These securities may include, but are not limited to, the following: Bonds and other corporate debt instruments; Exchange Traded Funds; Mutual Funds such as Large Cap Growth, Large Cap Value, Mid Cap Growth, Mid Cap Value, Small Cap Growth, and Small Cap Value; Government Debt instruments including Treasury Bills and Municipal securities; Stocks; Preferred Stock; High Yield Debt; Domestic Fixed Income; Money Market Funds and Cash.

All investments bare different types and degrees of risk and **investing in securities involves risk of loss that clients should be prepared to bear**. While we use investment strategies that are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. A client needs to ask questions about risks he/she does not understand, we would be pleased to discuss them.

We strive to render its best judgment on behalf of our clients. Still, we cannot assure or guarantee clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser but is not a reliable predictor of future performance. We continuously strive to provide outstanding long-term investment performance, but many economic and market variables beyond its control can affect the performance of an investment portfolio.

An investment could lose money over short or even long periods. A client should expect his/her account value and returns to fluctuate within a wide range, like the fluctuations of the overall stock and bond markets. A client's account performance could be hurt by:

- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.
- **Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates.
- **Manager risk:** The chance that the proportions allocated to the various securities will cause the client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.
- **International investing risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, foreign investments are subject to settlement practices, as well as regulatory and financial reporting standards, that differ from those of the U.S.
- **Active management fees risk:** Active management strategies that involve frequent trading generate higher transaction costs that diminish the fund's return. In addition, the short-term capital gains resulting from frequent trades often have an unfavorable income tax impact when such funds are held in a taxable account.

## 9. DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events within the past 10-years that would be material to your evaluation of the Adviser or the integrity of its management. We have no information applicable to this Item because we have not been the any administrative, civil, criminal or regulatory proceedings.

## 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### A. BROKER-DEALER AFFILIATIONS

We are not affiliated with any broker-dealer.

### B. FUTURES/COMMODITIES FIRM AFFILIATION

We are not affiliated with a futures or commodities broker.

### C. OTHER INDUSTRY AFFILIATIONS

Our owner, Mr. Velasquez, is also a licensed insurance agent in Life, Accident, Health, Long Term Care and Disability. Mr. Velasquez sells these insurance products for commissions and he is appointed with various insurance carriers. He may recommend the purchase of these products by clients. Mr. Velasquez spends approximately 10 to 20 hours a month on these activities. PLEASE NOTE: Clients should be aware that a conflict exists between the interests of Mr. Velasquez and the interests of the clients; and the client is under no obligation to act upon the recommendations of Mr. Velasquez; and if the client elects to act upon any of the recommendations, the client is under no obligation to affect the insurance transactions through him. Mr. Velasquez attempts to mitigate the conflict of interest to the best of his ability by placing the client's interests ahead of his own through his fiduciary duty.

### D. SELECTION AND MONITORING OF THIRD PARTY INVESTMENT ADVISERS

We do not select and monitor third party investment advisers to manage our clients' assets. However, we may use the services of a third party investment adviser's 401k platform for Qualified Plan Accounts Management Services.

## **11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### A. DESCRIPTION

Our Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Our Code of Ethics covers all supervised persons and it describes its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

### B. MATERIAL INTEREST IN SECURITIES

We do not have a material interest in any securities.

### C. INVESTING IN OR RECOMMENDING THE SAME SECURITIES

Our owner, Mr. Velasquez, may, from time to time, buy or sell for his own accounts securities that are the same as, similar to, or different than those that his clients purchase or sell. Differences can arise due to variations in personal goals, investment horizons, risk tolerance, and the timing of purchases and sales.

The securities traded are typically broadly traded, large scale securities (not penny stocks) and/or mutual funds in which proprietary trades will not affect market prices. Nonetheless, client transactions will precede those orders placed for any proprietary trades. Mr. Velasquez is aware of his fiduciary duty to his clients and the prohibitions against the use of any insider information. We

keep records of all associates' proprietary trading activities and make them available to regulators to review on the premises. Whenever we deem that there may appear to be a conflict of interest, we will inform affected clients of the holdings involved prior to placing any orders.

It is our policy that we will not affect any principal or agency cross securities transactions for client accounts. We will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **12. BROKERAGE PRACTICES**

### **A. RECOMMENDED BROKERAGE**

We currently recommend the clearing and custody services of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC, an unaffiliated broker-dealer that serves independent investment advisers. Some of the primary considerations in determining reasonableness of commissions are: rates charged by other brokers that provide clearing or custody services for registered investment advisers; reputation and financial strength; breadth and depth of available products, with an important factor being the broker's no-transaction-fee mutual fund universe; accuracy with which transactions are processed; customer service responsiveness; availability of technology solutions interoperable with our systems and suitable for managing multiple accounts; as well as client satisfaction. We periodically evaluate the foregoing factors, and while it may conclude based on its review that commission rates paid by clients are reasonable, lower commissions may be available from other brokers or in conjunction with retail (non-advisory) accounts, and certain mutual funds that carry a transaction fee may be available on a no-transaction-fee basis from other brokers or directly from the fund company.

#### **i. RESEARCH AND SOFT DOLLARS BENEFITS**

"Soft dollars" are defined as a form of payment investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. We receive some benefits from TD Ameritrade that include assistance with practice management and assistance with the management of client accounts, including but not limited to: (a) receipt of duplicate client confirmations; (b) receipt of duplicate client statements; (c) access to a trading desk serving investment adviser firm participants exclusively, and providing research, pricing information, and other market data; (d) access to the investment advisor portion of their web sites which includes practice management articles, compliance updates, and other financial planning related information and research materials (including, for example, rating reports on individual companies from Standard and Poor's' or other sources); (e) access to other vendors (such as

insurance or compliance providers, software providers or providers of research or other materials) on a discounted fee or free basis through discounts arranged by the custodians; (f) permitting us to access an electronic communication network for client order entry and to access clients' account information and which may otherwise assist us with our back-office functions, including recordkeeping and client reporting; and (g) conferences that our associated persons may attend (with no registration fees) and receive education on issues such as practice management, marketing, investment theory, financial planning, business succession, regulatory compliance, and information technology. Participation in the custodian's programs also provides access to certain mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. The benefits received through participation in the custodian's programs may depend upon the amount of transactions directed to, or amount of assets placed in custody with TD Ameritrade. Generally, many of these services may be utilized to service all or a substantial number of clients' accounts. Educational, research, or other services provided by custodian or mutual fund companies may benefit all of our clients, or only some.

ii. BROKERAGE FOR CLIENT REFERRALS

We do not receive client referrals or any other incentive from any custodian or any third party.

iii. DIRECTED BROKERAGE

Some clients may direct us to a specific broker-dealer to execute securities transactions for their accounts. When so directed, we may not be able to effectively negotiate lower brokerage commissions or achieve best execution on clients' transactions. This can result in substantially higher fees, charges or dealer concessions in one or more transactions for the clients' account because the Adviser cannot negotiate favorable prices.

B. TRADE AGGREGATION

Generally, we will aggregate orders with respect to the same security purchased for different clients. When orders are aggregated, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based upon each account's participation in the transaction, subject to our discretion depending on factual or market conditions. Clients participating in block trading may include proprietary or related accounts. Such accounts are treated as client accounts and are neither given preferential nor inferior treatment versus other client accounts. Allocations of orders among client accounts must be made in a fair and equitable manner.

### **13. REVIEW OF ACCOUNTS**

A. PERIODIC REVIEWS

Mr. Velasquez reviews the general holdings of client accounts on a daily basis. In addition to these reviews, Mr. Velasquez meets with clients on an annual basis to discuss and review their accounts.

B. OTHER REVIEWS

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a client's financial situation (such as retirement, termination of employment,

physical move or inheritance).

C. REPORTS

Clients receive monthly statements from their custodian. We urge clients to carefully review such statements.

**14. CLIENT REFERRALS AND OTHER COMPENSATION**

A. OTHER COMPENSATION

We do not receive any other compensation for providing investment advice to clients.

B. CLIENT REFERRALS

We do not pay for client referrals or use solicitors.

**15. CUSTODY**

All client funds, securities and accounts are held at third-party custodians. We do not take possession of a client's securities. However, the client will be asked to authorize us with the ability to deduct fees directly from the client's account. This authorization will be to deduct our management fee only. Prior to deducting the fee, we will send a billing statement (invoice) to the client's custodian that indicates the fee to be withdrawn and how it was calculated from the account. A client may object to the deduction of our fees from the Account by notifying us at the address or telephone number shown on each billing invoice or by notifying client's custodian. The client's custodian shall also send a quarterly statement indicating the amount of fees withdrawn from the client's Account.

Clients should receive monthly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge clients to carefully review such statements.

**16. INVESTMENT DISCRETION**

All Portfolio Management clients sign an investment management agreement that contains a limited power of attorney granting us discretionary power over the account. In discretionary accounts, we will be allowed to place trades, buy or sell securities of any type and in amounts it deems to be appropriate for the account, without first obtaining the client's consent to each trade. Directions will be given to the account custodian to complete the transaction.

All other accounts are non-discretionary. A non-discretionary investment account means the client retains full discretion to supervise, manage, and direct the assets of the account. The client maintains full power and authority to purchase, sell, invest, reinvest, exchange, convert, and trade the assets in the Account in any manner deemed appropriate and to place all orders for the purchase and sale of Account assets with or through brokers, dealers, or issuers selected by the client. The client is free to manage the account with or without our recommendation and all with or without our prior consultation.

## **17. VOTING CLIENT SECURITIES**

We will not be responsible for responding to proxies of securities held in clients' accounts. Proxy solicitation materials will be forwarded to clients for response and voting. In the event a client has a question about a proxy solicitation, the client should contact Mr. Velasquez.

## **18. FINANCIAL INFORMATION**

### **A. BALANCE SHEET**

We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we do not have to provide a balance sheet.

### **B. FINANCIAL CONDITION**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs its ability to service its clients.

### **C. BANKRUPTCY**

We have not been the subject of a bankruptcy proceeding.

## **19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

We have one executive officers (management persons), Jorge A. Velasquez, Jr. ("Tony"). His biographical information is provided in the attached Brochure Supplement documents.

As disclosed in Item 10.C, Mr. Velasquez discloses he is an independent insurance agent and may receive commissions for the sale of insurance products. Please see the respective sections for any conflicts of interest associated with these activities.

We are required to disclose additional information if charging performance-based fees, have any relationship or arrangement with an issuer of securities, or were ever found liable in an arbitration, civil, self-regulatory organization or administrative proceeding. As none of these apply to us, our management persons and investment adviser representatives have no information to disclose regarding these matters.