



# ASSET ALLOCATION STRATEGIES, LLC

A REGISTERED INVESTMENT ADVISOR

## Form ADV Part 2A Firm Brochure

### ASSET ALLOCATION STRATEGIES, LLC

33335 Grand River Avenue  
Farmington, Michigan 48336  
[CRD # 152339]  
[www.assetallocationstrategiesllc.com](http://www.assetallocationstrategiesllc.com)  
Main Office: 248.489.0101

MARCH 7, 2024

Asset Allocation Strategies is a registered investment adviser. Registration does not imply that a certain level or skill or training has been obtained. This brochure provides information about the business practices of AAS. If you have any questions about the contents of this brochure, please contact us at 248.489.0101 and/or [info@glpwins.com](mailto:info@glpwins.com). Please note that this brochure has not been approved by the Securities & Exchange Commission or by any state securities authority. This firm is registered with the SEC and Notice Filed in multiple states; registration does not mean approval or verification by those regulators. More information about the firm is available at Investment Adviser Public Disclosure: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Summary of Material Changes

If we amend this disclosure brochure, we are to send you either a new copy of the brochure or at least this item 2 describing the changes made so you can decide if you want us to send you a complete, new copy. Since the March 31, 2023, annual update, Asset Allocation Strategies (“AAS”) has made material changes in the following sections:

- Michael McEvilly has replaced Heather Lyon as the firm's new Chief Compliance Officer.
- To add more transparency for you about our investment process, in Item 4, we have enhanced our disclosures regarding our use of proprietary model portfolios and Schwab Advisor Services portfolios. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach.
- In Item 4, we also included additional information about our financial planning services to advise you that our financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change. Additionally, you are under no obligation to act on our financial planning recommendations.
- We have also updated our information in Item 5 regarding to be more transparent. Generally, fees for advisory services are charged quarterly in advance, and is based on the market value of the assets in the account on the date of the close of the previous quarter.
- We also charge a flat fee in the range of \$500 to \$15,000 (depending on complexity) for our financial planning services. This is discussed in Item 5.
- In Item 12 and Item 14, we disclosed that we now recommend the brokerage and custodial services of Charles Schwab & Co., Inc. and have removed all references to our previous custodian, TD Ameritrade, Inc.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures, or alternatively, provide you with the then-current Brochure, within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes, as necessary. Currently, our Brochure may be requested, at no charge to you, by contacting our Chief Compliance Officer at 248-489-0101 or by emailing us at [info@glpwins.com](mailto:info@glpwins.com).

Additional information about us is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The SEC's web site also provides information about any persons affiliated with us who are registered, or are required to be registered, as one of our investment adviser representatives of our firm.

## ANNUAL OFFER TO CLIENTS

At any time, you may view the current Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may also request a copy of this Brochure upon written request to:

Asset Allocation Strategies, LLC.  
Attn: Chief Compliance Officer  
33335 Grand River Ave  
Farmington, MI 48336

If you have any questions about the contents of this Material Change notice, please contact us at 248.489.0101 or [info@glpwins.com](mailto:info@glpwins.com). The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Asset Allocation Strategy also 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. Our firm's CRD number is 152339.

Asset Allocation Strategies | ADV Brochure 2A

## Annual Privacy Policy Delivery

Enclosed you will find a copy of the Firm's Privacy Policy. You may find this and our other disclosures here:  
<https://assetallocationstrategiesllc.com/regulatoryinformation/>

## TABLE OF CONTENTS

ITEM 1: COVER PAGE.....	1
ITEM 2: MATERIAL CHANGES.....	2
ITEM 3: TABLE OF CONTENTS.....	4
ITEM 4: ADVISORY FIRM’S BUSINESS .....	5
ITEM 5: FEES, COMPENSATION, CONFLICTS OF INTEREST.....	9
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	13
ITEM 7: TYPES OF CLIENTS .....	13
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	13
ITEM 9: DISCIPLINARY INFORMATION.....	17
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	17
ITEM 11. CODE OF ETHICS.....	18
ITEM 12: BROKERAGE PRACTICES .....	20
ITEM 13: REVIEW OF ACCOUNTS & REPORTS TO CLIENTS .....	22
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION.....	23
ITEM 15: CUSTODY.....	24
ITEM 16: INVESTMENT DISCRETION .....	24
ITEM 17: VOTING CLIENT SECURITIES.....	24
ITEM 18: FINANCIAL INFORMATION .....	24
ITEM 19: PRIVACY POLICY- OUR COMMITMENT TO YOU.....	25

## ITEM 4: ADVISORY BUSINESS

### Description of Asset Allocation Strategies

Asset Allocation Strategies, LLC (or “AAS “the firm” or “the adviser” or “we”) is a Michigan limited liability company that is an SEC registered investment advisory firm under the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

AAS, established in April 2010, provides investment advisory services to clients on either their employer sponsored retirement program accounts or their personal investment accounts. We may also offer advice to sponsors of 401(k) and 403(b) plans. With respect to our 401(k) and 403(b) business, we have always been a fee based advisor. Our compensation is not commission based but is a fee that is calculated as a percentage of assets under management.

### Principal Owners and Officers

Mr. Alexander Kocoves, Managing Member Owner; Mr. Kocoves is a non-registered manager only ( 70 % owner). Mr. Kocoves does not perform supervisory duties for Asset Allocations Strategies, LLC.

Mr. Michael P. McEvilly, Member/Owner and does not perform supervisory duties for Asset Allocation Strategies, LLC. [Series 7; Series 24 ; Series 63 ; licensed for life insurance sales] (30% owner).

Mr. Justin Rolnitzky is the Director of Internal Operations of Asset Allocation Strategies, LLC and a Principal with the firm’s affiliated broker-dealer, GLP Investment Services, LLC. Mr. Rolnitzky is able to approve new business, sign agreements for the firm with businesses and advisory clients and conduct portfolio management. [Series 7; Series 66; Series 24].

AAS does require its advisory representatives to qualify by passing either the series 65 or the combination of the series 7 and 66.

## Advisory Services

AAS offers discretionary and non-discretionary account management with a variety of investment strategies that range from conservative to aggressive and take an active approach to investing for our clients. AAS also offers Financial Planning and consulting services to clients and plan sponsors on their defined benefit, defined contribution and deferred compensation plans for a flat fee or basis points arrangement. While a majority of our client's assets are held on the SCHWAB ADVISOR SERVICES platform, on occasion we may refer clients to a third party asset manager.

Our asset management services are provided on a discretionary basis. With discretionary authority, we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting you before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority. Discretionary authority is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account and paid to us by the account custodian. You may revoke this authority at any time, in writing, to us.

We also offer non-discretionary portfolio management services. If you enter into non-discretionary arrangements with our firm, we must maintain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Custodians are also broker-dealers, and they may have different account fees, execution charges and capacities. This may occur because custodial services are based on several factors. Factors may include, but are not limited to cost, expected level of asset safety, client confidentiality, communication, reporting and execution quality of client trades. We base all decisions on the individual investment circumstances of each client.

- **Portfolio Management using AAS model portfolios**

AAS is a Michigan-based, SEC registered investment adviser (801-106707) that offers discretionary and non-discretionary advice on constructing, implementing and re-balancing investment portfolios. Additionally, based on Capital Market Assumptions developed by the Portfolio Manager, advice is rendered as to optimal asset classes and asset allocation with respect to the clients overall Strategic Asset Allocation. The firm is prepared to provide advice on many types of securities (see Item 8), Non-discretionary advice will require clients to approve, in writing, each trade execution a client may request the adviser to place on the client's behalf.

- **Portfolio Management using Schwab Advisor Services portfolios**

As part of our portfolio management services, in addition to other types of investments (see disclosures below in this section), we may invest your assets according to one or more model portfolios developed by Schwab. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach.

## Financial Planning Services

We offer financial planning services which typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from broad-based financial planning to consultative or single subject planning. AAS' clients may be interviewed using a fact finder whose purpose is to establish what investments are suitable for each client. Some of these interviews will uncover other financial needs in which instances representatives of AAS can provide financial planning services to those clients who desire them. Further fact finding will aim at assessing a client's insurance needs, financial situation, estate, tax planning needs and other topics such as risk-management that a client may request. The adviser utilizes a financial planning software program to assist in the evaluation. We will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

### **Services to Plan Sponsors**

We may provide investment advice to plan sponsors for which we have a formal agreement to do so. Every plan should have a clear investment policy that sets out how the plan is to be run and how its performance and the performance of its investments are analyzed and reviewed. We assist plan sponsors with development and review of their Investment Policy Statement. We begin with a general meeting to obtain background information and determine the scope of services required. Once the Investment Policy Statement is finalized, we can also assist in the selection of investment categories as well as specific investment choices.

We offer an independent view of the funds and investment vehicles available. We also assist plan sponsors with periodic reviews of investment choices. The specific services we provide to a plan sponsor may vary depending on our relationship. Thus, our agreement with the plan sponsor will describe the specific services we agree to provide the plan sponsor. In any of our services, our clients may place reasonable restrictions on their accounts making it possible for a client to exclude a certain market sector, issuer or particular security type.

### **Retirement Plan Rollovers and DOL Fiduciary Status**

When we provide investment advice about your retirement plan account or individual retirement account (“IRA”) including whether to maintain investments and/or proceeds in the retirement plan account or roll over such investments from the retirement plan account to an IRA or make a distribution from the retirement plan account, we acknowledge that the firm is a “fiduciary” within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code as applicable. The way that the firm makes money creates conflicts with your interests, so the firm operates under a special rule that requires that firm to act in your best interest and not put our interests ahead of yours.

Under this special rule’s provisions, the firm must as a fiduciary to a retirement plan account or IRA under ERISA/the Internal Revenue Code by:

- Meeting a professional standard of care when making investment recommendations (i.e., give prudent advice);
- Never putting the interests of the firm ahead of you when making recommendations (i.e., give loyal advice);
- Avoiding misleading statements about conflicts of interest, fees, and investments;
- Following policies and procedures designed to ensure that the firm gives advice that is in your best interest;
- Charging no more than is reasonable for the services of the firm; and
- Giving you basic information about any conflicts of interest.

To the extent that we recommend that you roll over your account to an account managed by the firm, please know that the firm, its investment advisor representatives have an inherent conflict of interest. Increased investment advisory fees may be earned by recommending that you roll over your account to an account managed by the firm. We will earn fewer investment advisory fees if you do not roll over the funds to an account managed by the firm. Thus, our investment advisor representatives have an economic incentive to recommend a rollover of funds to an account managed by the firm which is a conflict of interest because our recommendation that you open the account to be managed by the firm can be based on our economic incentive and not based exclusively on whether or not moving the funds is in your overall best interest.

We have taken steps to manage this conflict of interest. We have adopted an impartial conduct standard whereby our investment adviser representatives will (i) provide investment advice to a retirement plan participant regarding

a rollover of funds from the retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in the firm receiving unreasonable compensation related to the rollover of funds, and (iii) fully disclose compensation received by the firm and our supervised persons and any material conflicts of interest related to recommending the rollover of funds and refrain from making any materially misleading statements regarding such rollover.

When providing advice to you regarding a rollover, our investment adviser representatives and registered representatives will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of the firm or our affiliated personnel.

### **Tailoring of Advisory Services**

Effective portfolio allocation recommendations must be based on each client's individual needs. As noted in our *Services to Individuals* section, AAS' clients will be interviewed to establish a client's risk tolerance, goals and objectives, tax and distribution needs. Based upon that information, suitable investments are recommended to each client based upon their individualized situation and needs. Further fact finding will aim at assessing a client's need for other financial services. From time to time, the adviser will utilize a financial planning software program to assist in the evaluation. After the initial consultation, we will sign an agreement to work together and gather additional information to open your account. Our discretionary management of your account begins once assets are received at Schwab Advisor Services where the assets will be invested in the selected securities. In many cases, the Firm uses ETFs to provide cost efficient broad market diversification with improved tax efficiency that we believe is necessary for you, depending on your risk tolerance and financial circumstances.

AAS may refer its advisory client to the advisory services of a third-party money manager or recommend its own goals-based and risk-based based strategies. The selected third-party money managers and the portfolios that are used are regularly vetted by the Compliance Department and/or Due Diligence Committee.

As a fiduciary, an investment adviser is to make only those recommendations that demonstrably are in the client's best interest, which means that they, too, must be based on an individual's stated and/or established, individual needs, goals, risk tolerance and investment time horizon. These Plans should be re-evaluated on annual basis or more frequently with substantive changes in the client's financial situation.

### **Restrictions and Constraints**

Clients may impose restrictions on the adviser's ability to invest in certain securities or types of securities including within discretionary accounts; clients must approve each recommended transaction they direct the adviser to place as a transaction order for non-discretionary accounts.

### **Types of Investments**

AAS uses some or all the following suitable investment options when providing advisory services: stocks, bonds, mutual funds (stock funds, bond funds and other asset classes), options, exchange-traded funds ("ETFs"), and the utilization of 3<sup>rd</sup> party money managers.

### **Wrap Fee Programs**

AAS does not participate in a wrap fee program.

### **Client Assets Under Management by AAS**

As of 12/31/2023 this firm had regulatory assets under management of \$451,177,416 in a continuous and regular manner, all of which are on a discretionary basis. Additionally, the firm managed \$175,564,846 on a non-



discretionary basis.

## Item 5: Fees and Compensation

Options for calculating fees include a percentage of assets under management, hourly charges, flat fees and other retainer or service fees, or some combination of the above. These fees will be outlined and agreed upon as part of the initial Investment Advisory Agreement signed by the IAR and client at the onset of the relationship. Generally speaking, fees are negotiable from client to client and manager to manager and are tailored to the specific type of services that AAS provides to that Client. As a result, not all client accounts employing the same or similar investment strategies will have the same or similar fee structures.

For relationships with Third Party Asset Managers, AAS receives a portfolio/referral fee up to 2% of the client's account value.

### **Fees for Advisory Services:**

A Client will be charged a certain percentage of assets under management with AAS. Asset levels may be determined at the account level or the household level (multiple accounts). The maximum fee for these services is 2% (annually) of assets under management which is billed and assessed to your account(s) on a quarterly basis. Our fee is charged quarterly, in advance, and is based on the market value of the assets in the account on the date of the close of the previous quarter, or upon receipt of the assets to one of our custodians for new account relationships. For example, a fee charged by January 30 for first quarter fees, would be calculated using the account value as of December 31 close of business. No adjustments are made to the fee for changes in market value during the quarter, or for deposits or withdrawals. We may, at our discretion, combine the value of related household accounts for fee calculation purposes. We may amend our fees with advance written notice to you, in accordance with the terms in our agreement with you.

If any client chooses to cancel their agreement, the firm will calculate the actual fee, based on the number of days services were provided, and remit the unused portion to the client as a refund. The advisory agreement signed by you, your investment advisor representative and our firm at the inception of your relationship with us will outline the advisory fee applicable to your account. That agreement also permits us to assess the fee to your account on a quarterly basis.

Additional deposits of funds and/or securities during a particular calendar quarter are subject to billing on a pro rata basis. Clients who withdraw funds from a managed account during a billing period are not generally entitled to a pro rata refund unless they are terminating their managed account program client agreement.

### **Fees for Financial Planning**

The firm will perform the initial consultation for fact finding at no cost. After the initial fact finder is completed, the firm's representative will quote the client a flat fee for the financial plan; the flat fee will be a minimum of \$500 and a maximum of \$15,000, incorporating an hourly fee element of \$350 per hour, to account for the work required in situations of more complex personal finances. The higher fee includes conferences with attorneys, CPAs, etc. on the client's behalf. AAS will provide an estimated cost to each client as part of the financial plan agreement; fees are payable upon presentation of a plan. These fees are negotiated between the investment advisor representative and the client.

**Hourly Charges:** AAS occasionally charges a client an hourly fee of up to \$350 for advisory services or financial planning; please refer to Item 4 for more detail on those services. Hourly fees are stipulated in the relevant client agreement with AAS.

### **Fees to Plan Sponsors**

We negotiate our fees with Plan Sponsors on a case-by-case basis and the fees are set forth in our agreements

with the Plan Sponsor. These fees are based on a percentage of the total plan assets or may be a flat fee based upon consulting services as outlined in the Advisory Agreement.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. All fund fees are explained in the current prospectus for each fund, which is available from the fund. Copies of prospectuses can also be requested by contacting us at [INFO@GLPWINS.COM](mailto:INFO@GLPWINS.COM).

### **Custodial and Platforms Fees**

Depending on where your account is established (which platform or custodian), there will be additional costs associated with your account. These costs may be in the form of a percentage of assets under management, or ticket charges/transaction fee. When establishing your account, these costs will be disclosed in the custodian's Customer Account Agreement signed by both you and your advisor.

### **Compensation for the Sale of Securities or Other Investment Products**

Persons providing investment advice on behalf of our firm are registered representatives with GLP Investment Services, LLC (GIS), a limited securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

Persons providing investment advice on behalf of our firm are licensed as insurance agents with GLP & Associates, Inc. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

By law advisory clients may be allowed a full refund of any pre-paid fees if they notify the investment adviser within five (5) working days after signing an agreement for advisory services. Subsequently, either party may terminate the agreement for any reason, by notifying the other party in writing, to be effective within 30 (thirty) days.

### **Conflicts of Interest**

The firm can face conflicts of interest. Most of these conflicts arise from how we and our investment adviser representatives are compensated. We have adopted conflict mitigation practices that are tailored to the

nature and scope of such interest where we believe they are necessary or appropriate.

Here are examples of potential conflicts when you have an Investment Advisory relationship with our firm:

1. The greater the value of the assets in your account, the more you will pay in fees, therefore, we have an incentive to encourage you to increase the amount of assets in your account. The fee you pay as a percentage of the assets managed will decline if the value of the assets in your account declines.
2. Investment adviser Representatives receive a portion of the advisory fee you pay to the Firm which may increase as the value of your assets increase. Alternatively, the advisor may also be paid a portion of the fee you pay to the Firm in addition to a salary. The level of service expected and provided will be the same regardless of the compensation structure.
3. We have arrangements with two record keeper/custodians, Aspire and IPX, who pay us a portion of the custodial/record keeping charges assessed to your account. This is *not* shared with your investment adviser representative. This represents a conflict of interest with respect to the recommendation and use of the custodian/record keeper. We address this conflict by disclosing it here and by prohibiting recommendations that are not in the best interest of the client. AAS mitigates this conflict by ensuring that IARs do not receive any of this fee, meaning they have no financial incentive to recommend these platforms/custodians. AAS also mitigates this conflict by ensuring that AAS does not direct or incentivize IARs to favor one custodian/record keeper over another. Finally, these fees do not apply to ERISA accounts.
4. Investment Advisor Representatives may also recommend products outside of those offered by AAS. These transactional products include life insurance, annuities and mutual funds for which your investment adviser representatives may earn a commission in his/her capacity as an insurance agent. These fees are separate and apart from any advisory fees for advisory services.

If your account is placed with one of the custodians/recordkeepers used by AAS, there may be other fees that apply. Please refer to the designated custodian's Participant Account Agreement for full details.

## ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

AAS does not charge or receive performance-based fees. Performance-based fees are fees based on a share of capital gains or the capital appreciation of your assets. We do not conduct side-by-side management situations where a combination of asset based, and performance fees are collected.

## ITEM 7: TYPES OF CLIENTS

Typically, our clients are individual retail investors, however, we provide services to high net worth and other individuals, corporations and other businesses, other pension and profit-sharing plans, charitable organizations, estates, and trusts. AAS typically requires at least one of the following, at a minimum, when approving new accounts:

### Account Requirements

Generally, our minimums to open account are as follows:

- Periodic contributions of at least \$500/month; or an initial deposit of at least \$25,000;
- Accounts not meeting these minimums are considered on a case-by-case basis.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

## Methods of Analysis

Portfolio allocations are developed starting with Capital Market assumptions and then a strategic asset allocation is developed to determine proper portfolio allocations in effort to meet the clients expected return requirements and risk tolerances. Techniques including Mean-Variance Optimization, Reverse Optimization and the Black-Litterman model are used to identify possible asset mixes. A client's optimal portfolio is the one that maximizes the expected return for an expected level of risk. Portfolios are constructed using one of two approaches, the traditional allocations can be performed at the overall portfolio level or at smaller goal based portfolios for the individual clients short, intermediate and long-term specific goals.

Performance and risk attribution analysis, back-testing and simulations, dollar-cost averaging, research prepared by others, research prepared by portfolio managers, analyst reports, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases. The firm subscribes to investment information services such as Morningstar and F1360. Investments are assessed with more technical criteria including mean returns and standard deviations, levels of systematic (beta) vs. unsystematic risk, VaR, CVaR, alpha (excess or abnormal return), Sharpe Ratio (risk adjusted return), Treynor ratio (expected return per unit systematic risk), Sortino ratio (a measurement of Expected return per unit of downside volatility Information Ratio, a measure of "active return" or frequently used to assess a manager's skill, and Appraisal ratio (AR) which help to assess the award of active management relative to the risks of active management (alpha from a factor model).

## Risks in Using These Methods and Strategies

There are risks involved in using any analysis method. To conduct analysis, AAS gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases. As the managers' strategies and methods may vary widely, they may include the risks noted above. None of these strategies are a proven, sure means of obtaining positive results.

All trades will add some costs to be deducted from a client's account and could reduce the overall return or growth in a client's account, if carefully measured against what its value would have been had the adviser not placed the transactions. To evaluate the results of repositioning or rebalancing an account one must compare them carefully to what gains or losses would have occurred had the firm taken no action.

The third-party strategists (these are Third-party Managers that we may select as a part of your investment strategy) review portfolios on a regular basis to rebalance them if needed to maintain the agreed-upon weighting of asset classes. All trading will add costs against an account's performance; frequent trading may increase those costs potentially reducing overall performance. To ascertain the effect, it is necessary to factor in the losses or gains that would have proven true had the rebalancing not made the trades.

## Risks of Particular Securities and Risk of Loss

The firm is prepared to provide advice on many types of securities (see below), but the portfolios its advisers offer to construct will include primarily load-waived shares of mutual funds and ETFs.

The following are types of securities our advisers may use in portfolio construction: exchange listed securities (equities), individual corporate debt securities and U.S. Government Securities, cash secured and protective puts, covered call options, Closed End Funds (CEFs) and Fund of Funds. The firm may also hold securities that a client transfers in from other custodians.

Subject to the client's advisory agreement, we invest and reinvest a client's assets in a variety of securities and other investments. These securities and other investments include classes/types of securities and/or other investments permitted under a client's investment guidelines. Clients should carefully review the relevant issuer's risk disclosures to learn more about the specific risks of their investments.

## **Material Risks**

Investing in securities may involve a significant risk of loss. AAS' investment strategies invest in asset classes and investment vehicles that are subject to various market, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account, which clients should be prepared to bear. There can be no assurance that a client's investment objectives will be obtained and no inference to the contrary should be made.

Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk and consequently, the value of the client's account may at any time be worth more or less than the amount invested.

## **Types of Investment Risks**

Risks of loss regardless of what investment strategy or analysis is undertaken, investing in securities involves risk of loss that clients must be prepared to bear; in fact, some investment strategies could result in total loss of your investment. Some risks may be avoided or mitigated, while others are completely unavoidable. Some of the common risks you should consider prior to investing include, but are not limited to:

### **Market Risks**

The prices of, and the income generated by, the common stocks, bonds, and other securities you own may decline in response to certain events taking place around the world, including those directly involving the issuers; conditions affecting the general economy; overall market changes; local, regional, or global political, social, or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate, and commodity price fluctuations.

### **Interest Rate Risks**

The prices of, and the income generated by, most debt and equity securities will most likely be affected by changing interest rates and by changes in the effective duration and credit ratings of these securities. For example, the prices of traditional fixed debt securities generally decline when interest rates rise and increase when interest rates fall. In addition, falling interest rates may cause an issuer to redeem, "call," or refinance a security before its stated maturity date, which would typically result in having to reinvest the proceeds in lower-yielding securities (otherwise known as reinvestment risk).

### **Credit Risks**

Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default.

### **Risks of investing Outside the U.S.**

Investments in securities issued by entities based outside the United States are often subject to the risks described above to a greater extent. Additionally, they may be subject to heightened counterparty risk (the risk of government not enforcing securities laws and requirements of its countries members) as well as currency risk (the risk of fluctuations in the value of investment instruments further affected by changes in Foreign exchange rates).

### **Investment Company Risk**

To the extent a client account invests in Mutual funds or other investment company securities or pooled investment vehicles that are not exchange traded, its performance will be affected by the performance of those other investment companies. Investments in the funds and other investment companies are subject to the risks of the investment companies' investments, as well as to the investment companies' expenses. If a client account invests in other investment companies, the client account may receive distributions of taxable gains from portfolio transactions by that investment company and may recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.

### **Concentration Risk**

To the extent a client account concentrates its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country or region, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry or such government could be considerably greater than if they did not concentrate their investments to such an extent.

### **Sector Risk**

To the extent a client account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market may be more volatile, and may perform differently, than the broader market. The several industries that constitute a sector may all react in the same way to economic, political or regulatory events. A client account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries may adversely affect performance.

**Inflation Risk** Inflation is a decline in the purchasing power of money over time, and failure to anticipate a change in inflation presents a risk that the realized return on an investment or the future value of an asset will be less than the expected value. Any asset or income stream that is denominated in money is potentially vulnerable to inflationary risk because it will lose value in direct proportion to the decline in the purchasing power of money.

Your investments are not bank deposits and are not insured or guaranteed by the FDIC or any other governmental agency, entity, or person, unless otherwise noted and explicitly disclosed as such, and as such may lose value.

## **ITEM 9: DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of AAS' business or the integrity of AAS' management. Please refer to the Firms ADV at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

AAS is **not** and does **not** have a related person that is a municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment adviser and provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment advisor representatives with us.

### **Registrations with a Broker/Dealer**

We are affiliated with GLP Investment Services, LLC (GIS), a limited securities broker-dealer, and a member of the Financial Industry Regulatory Authority (FINRA) and Securities Investor Protection Corporation (SIPC) through common control and ownership. Our advisory services are separate and distinct from the compensation paid to our affiliate for their services. Most of AAS's investment adviser representatives are also registered representatives of GIS. You may work with your investment advisor representative in his or her separate capacity as a registered representative of GIS. When acting in his or her separate capacity as a registered representative, your investment advisor representative may sell, for commissions, mutual funds, and variable annuity and variable life products to you. As such, your investment advisor representative may suggest that you implement investment advice by

purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a limited securities broker/dealer. These commissions or fees will be disclosed to you before the transaction is effected. Consequently, the objectivity of the advice rendered to you could be biased.

Referral arrangements with an affiliated entity present a conflict of interest for us because we may have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation charged by an affiliated firm is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use the services of our representatives in this separate capacity or to use GIS and can select any broker/dealer you wish to implement securities transactions (this would then be without transaction assistance from our registered investment advisor/registered representative). If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use GIS. Prior to any such transactions, you are required to enter into a new account agreement with GIS. The registered representatives may also receive additional ongoing 12(b)-1 fees (trailing commissions) for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment. AAS and our investment adviser representative will not receive any portion of the 12(b)-1 fees for mutual fund investments held in managed accounts.

A dually registered person may also receive commissions and/or 12b-1 fees from the sales of mutual funds in an account at the affiliated broker-dealer. Such a situation inherently creates a risk for a conflict of interest. We mitigate this conflict by disclosing it here and maintaining policies and procedures designed to ensure that recommendations made to you (including the type of account you should open) are in your best interest. Advisory services are not offered on the broker-dealer accounts.

### **Insurance Agent**

The firm has an affiliated company that is licensed as an insurance agency, GLP & Associates, Inc. Clients should be aware that the investment adviser representative may recommend the purchase of insurance in which instance there will always exist a conflict of interest, as the commissions to be earned create an incentive to make the recommendation. Clients are never obligated to purchase any insurance products nor, if they do choose to obtain them, to do so through the related firm.

### **Recommendation of Other Advisers**

We may recommend that you use a third party money manager ("TPMM") based on your needs and suitability. We will receive compensation from the TPMM for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any TPMM we recommend. We do not have any other business relationships with the recommended TPMM(s). Refer to the Advisory Business section above for additional disclosures on this topic.

## **ITEM 11- CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics Summary**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.



All of our Supervised Persons are expected to understand and strictly follow these guidelines. Our Code of Ethics also requires that our Supervised Persons submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. All Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm. Clients or prospective clients may obtain a copy of our Code of Ethics by contacting the Chief Compliance Officer at our Main office 248.489.0101 or via email at [info@glpwins.com](mailto:info@glpwins.com).

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

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities or hold a position identical to clients. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities. We prohibit all Supervised Persons from trading on nonpublic information and from sharing such information. Supervised Persons may not invest in an initial public offering (IPO) for their own accounts or those of related household members. Supervised Persons are required to obtain approval from the Compliance Department prior to investing in a private placement or other limited offerings.

### **Block Trading**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Refer to the *Brokerage Practices* section in this brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## **ITEM 12: BROKERAGE PRACTICES**

You are under no obligation to act on the recommendations of AAS. If we assist you in the implementation Of any recommendations, we are responsible to ensure that you receives the best execution possible. AAS recommends that managed accounts be established with Schwab Advisor Services. Additionally, the firm may use other custodians for the 403(b) and 457 individual client accounts, for example IPX Retirement Services or Aspire Financial Services.

### **Charles Schwab & Co., Inc.**

We recommend the brokerage and custodial services of Charles Schwab (whether one or more "Custodian"). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **The custodian and brokers we use**

AAS does not maintain custody of your assets [that we manage/on which we advise], although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody,



below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we or you instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client referrals and other compensation). You should consider these conflicts of interest when selecting your custodian. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we cannot manage your account. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your brokerage and custody costs”).

### **How we select brokers/custodians**

We seek to recommend a custodian/broker that will hold your assets and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we consider a wide range of factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services.
- The likelihood that your trades will be executed.
- Availability of investment research and tools.
- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.
- Existing relationship with our firm and our other clients.

### **Your brokerage and trading costs**

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds, and U.S. exchange-listed equities and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab’s Cash Features Program. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trade through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/ custodians”). By using another broker or dealer you may pay lower transaction costs.

### **Products and services available to us from Schwab**

Schwab Advisor Services is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through our firm. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services are generally available at no charge to us. Following is a more detailed description of Schwab’s support services:

#### Services that Benefit You

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

#### Services that May Not Directly Benefit You

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

#### Services that Generally Benefit Only Us

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

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession;
- access to employee benefits providers, human capital consultants and insurance providers;
- discount of up to \$4,250 on PortfolioCenter® software.

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources.

#### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, our recommendation of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/custodians") and not Schwab's services that benefit only us.

#### **Considerations Relevant to the Selection of a Specific Recommended Custodian**

Although AAS has found the use of these custodians to be consistent with its obligation to seek best execution and that the fees including but not limited to commissions and/or transaction fees charged by each are reasonable in relation to the value of the brokerage and research services provided, a client may nonetheless pay a fee for services that is higher than another qualified broker-dealer might charge to effect the same transaction.

#### **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

### **Best Execution**

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and the benefit to all clients.

While there is no direct link between the investment advice given to you and our recommendations of custodians, they may also make available to us other products and services that benefit our firm but may not benefit clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts.

These include software and other technology that provide access to client account data (such as trade confirmation and account statements); provide research, pricing information and other market data; facilitate payment of the firm's fees from its clients' accounts; and assist with back-office functions; record keeping and client reporting.

### **Directed Brokerage**

Directed Brokerage is a client direction that AAS utilize a custodian that is not among the AAS' approved custodians. In directing AAS to use a specific custodian and/or broker-dealer (other than those recommended by AAS), clients should understand that AAS will not have the authority to negotiate commissions among various custodians or obtain volume discounts. With AAS not having an established relationship with these custodians, the client can pay higher servicing fees to the custodian of their choice. This also affects AAS' ability to achieve best execution for these clients.

AAS does not direct brokerage to a specific broker-dealer in return for client referrals either to our firm or to a related firm. The inherent conflict of interest in this practice stems from an adviser's fiduciary duty to the client to put the client's interests first. The referrals create an incentive to use the broker-dealer not for the services a client will receive, but due to the benefit to the advisory firm. Directed brokerage may result in brokerage costs that are higher than a client might obtain from another broker-dealer.

### **Investment Allocation and Trade Aggregation Policy**

Our allocation and aggregation process requires fair and equitable treatment of all orders. When mutual funds are traded, there is no value to aggregation as each trade receives the same price. To the extent other securities are purchased or sold that lend themselves to aggregation or block trading (for example, stocks or exchange traded funds); we may aggregate client transactions or allocate orders whenever possible. The aggregation of orders provides the effects of lower transaction per share costs. We shall not receive any additional compensation or remuneration as a result of the aggregation.

When trading/rebalancing our models, the firm prioritizes the release of trading orders with respect to its advised accounts as follows:

- Discretionary accounts with no restrictions that require manual trade adjustments such as deviations from the model for cash requirements or that hold non-model securities, etc.;
- Accounts with restrictions that require manual intervention to process trades;
- Non-discretionary accounts that require pre-approval of trades.

AAS "aggregates" or "blocks" purchase or sale transactions where it decides to purchase or sell the same securities for several Clients at approximately the same time. AAS, in certain circumstances, includes access person transactions with those of nonaffiliated Clients.

Generally, AAS would aggregate or block such transactions in order to obtain best execution, to obtain more favorable commission rates, or to allocate equitably among multiple Clients, the differences in prices, commissions or other transaction costs that might have been obtained had such orders been placed independently. Each account participating in the block will receive the average price if multiple executions are required to complete the order, and transactions and costs will be allocated in proportion to the purchase and

sale orders placed for each Client account in that security on that day. Block trades will typically be segregated by custodian, and by AAS Advisory team, when purchasing or selling securities. In such cases, participating Clients will receive the average execution price and their pro rata share of transaction costs. However, because of AAS practice of managing portfolios on an individual basis, AAS does not always block transactions except for certain accounts managed in accordance with a model. Thus, AAS's ability to take advantage of volume discounts or other potential cost and execution advantages of block trades are limited.

### **Cross Transactions**

A cross trade is a transaction between two accounts managed by the same investment registered investment advisor. We recognize the potential for significant conflicts of interest when performing internal cross transactions in client accounts; therefore, the general policy is to not perform internal cross transactions. However, if we deem it to be in the best interest of certain clients, we may perform an internal cross transaction. Generally, this type of transaction will only occur in limited circumstances. Prior to executing such a transaction, the trader at the Custodian will obtain prior written approval from the Firm's designated principal.

### **Transaction Allocation**

AAS investment models may receive allocations of securities or investments different from other investment models. Through the allocation process, AAS bases these allocations on a number of factors including, but not limited to, the trade rotation policy, previous transactions, model restrictions, the model risk profile, available cash and liquidity. We will seek to be consistent in our investment approach for all investment models with similar investment objectives, strategies and restrictions. However, the act of purchasing, selling or holding a security for one investment model does not mean that we will do the same for other models.

### **Trading Errors**

Even with our best efforts and controls, trade errors can happen. All trade errors will be brought to the attention of the Compliance department upon discovery. We will work to formulate the best resolution for the client. In the event of a trade error, we will work with the intent to make the client whole. Trade errors will be moved from the client's account to either our trade error account with the broker/dealer that executed the trade or that broker/dealer's trade error account, depending upon which party is responsible for the error. In cases in which we are responsible for the error, all losses will be paid by us and all gains will be retained by the custodian and donated to charity. In cases in which the broker/dealer is responsible for the error, we will follow the procedures of the broker/dealer with respect to any gains or losses in the trade error account. Please be advised that any trade errors that result from inaccurate instructions provided by the client remain the financial responsibility of the client.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **Client Accounts**

AAS' home office operations principals review client accounts upon establishment for suitability of the recommendations made. In addition, AAS' investment adviser representatives provide regular investment advice and routinely review client accounts and are responsible for contacting you at least annually.

In most cases, accounts are reviewed more frequently through various means, including telephone calls, in-person meetings, overall strategy reviews, and/or the review of monthly and quarterly statements. Reviews are based on objectives and parameters established by clients, which are generally memorialized through their individual advisory agreements, investment policy statements, or other suitability and investment objectives documentation.

Periodic reviews and face-to-face meetings or conference calls are triggered by events such as client requests, a change in financial goals or objectives, and significant world, economic or market events.

### **Statements and Reports**

The Qualified Custodian/Broker-Dealer for a client's account will send the client at least quarterly statements, showing holdings and charges, as well as the usual reports on transactions effected. Annual reviews are

scheduled at client discretion. As the adviser, AAS urges its clients to carefully compare all account statements with any other statement they may receive. The custodian's statements serve as the permanent record of a client's account.

## ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Advisory firms compensate us for referral activities. AAS may serve as a Promoter for a variety of third-party asset managers (TPAM) with respect to some or all of your assets undermanagement with AAS. In such cases, AAS and your investment advisor representative are compensated by the TPAM in the form of an agreed upon percentage of assets under management. This fee is set forth in the Advisory Agreement you sign with the Firm at the time of account opening and may range from 0.5% to 2.0%. These fees come in the form of referral fees paid directly to us by the third-party firm. Due to the nature of the relationship with these advisory firms, material conflicts of interest may arise, including but not limited to financial incentive to promote an affiliation or relationship with that adviser.

### Additional Compensation

Supervised Persons, if properly registered and licensed to do so, can also receive compensation on non-advisory business. This presents a conflict of interest as AAS investment advisor representatives may receive commissions from the sale of other non-advisory investment products include, but are not limited to, variable annuities, mutual funds, and such non-investment related products as life insurance. Such commissions provide a investment advisor representative with an incentive to recommend these investment products based on the compensation they will receive from selling such products.; AAS Investment advisors cannot earn commissions on products that are included within our advisory accounts.

### Expense Reimbursements

We can from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or training events hosted by product sponsors. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We have controls in place to mitigate this conflict by always basing investment decisions on the individual needs of our clients which is evaluated by a principal of the firm before the account is established with the custodian.

### Charles Schwab & Co., Inc – Institutional

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. We benefit from the products and services provided because the cost of these services would otherwise be borne directly by us, and this creates a conflict. You should consider these conflicts of interest when selecting a custodian. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12—Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## ITEM 15: CUSTODY

Under securities regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them.

The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period.

## ITEM 16: INVESTMENT DISCRETION

For most clients, AAS has been contractually given investment discretionary authority (i.e., authority to act without first obtaining specific client consent to each investment transaction) to determine the securities to be bought or sold, and the amount of the securities to be bought or sold. This discretionary authority also allows AAS to determine the third-party money manager to be used for client accounts through its money management platform. The discretionary authority is granted by the client through execution of the investment management agreement. Clients occasionally impose reasonable restrictions on this authority (e.g., no defense stocks, no tobacco). All such restrictions are documented in writing. Clients may modify the imposed restrictions by providing the change to AAS in writing. AAS reserves the right to refuse to open an account or to terminate an account if AAS believes, in its sole discretion, that the restrictions placed are excessive and would limit its ability to manage the account effectively and prudently. Clients should also understand that the imposition of portfolio restrictions may affect performance of their portfolios, either positively or negatively.

## ITEM 17: VOTING CLIENT SECURITIES - PROXY VOTING PRACTICES

At this time, Asset Allocation Strategies does not have and will not accept authority to vote its clients' proxy votes for the securities they own. As stated in the Investment Advisory Agreement, we do not provide advice on proxy materials for your accounts.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

## ITEM 18: FINANCIAL INFORMATION

AAS is not required to submit a Balance Sheet under this item, as our firm does not require or solicit payment of more than \$1200 in fees per client, six months or more in advance.

AAS has no financial condition reasonable likely to impair our firm's ability to meet its contractual commitments to its clients.

Our firm has not been the subject of a bankruptcy petition during the last 10 years.

## ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

We are a federally registered investment adviser; therefore, we are not required to respond to this item.