

Superior Planning, LLC

Form ADV Part 2A
Brochure



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This Brochure provides information about the qualifications and business practices of Superior Planning, LLC (“SPL”). If you have any questions about the contents of this Brochure, please contact us at (858) 546-1046. 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.

Additional information about SPL also is available on the SEC’s website at www.adviserinfo.sec.gov.

SPL is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Item 2 – Material Changes

There have been significant material changes to this Form ADV Part 2A Brochure since the last annual updating amendment filing.

Item 4 – Advisory Business. Effective 09/10/2024, a new ownership group has been established. Details are provided in Item 4 detailing the new management structure including new advisory services offered.

Item 5 – Fees and Compensation. Changes have been made to advisory fees charged.

Item 7 - Types of Clients. Changes have been made to reflect new client types.

Item 8 – Methods of Analysis. Some methods have changed and are detailed in this section.

Item 10 - Other Financial Industry Activities and Affiliations has changed and is detailed in this section.

Item 12 – Some brokerage practices have changed and are detailed here.

Item 3 -Table of Contents

Item 1 – Cover Page	i
Item 2 – Material Changes	ii
Item 3 -Table of Contents	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	4
Item 6 – Performance-Based Fees and Side-By-Side Management	6
Item 7 – Types of Clients.....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9 – Disciplinary Information	11
Item 10 – Other Financial Industry Activities and Affiliations	11
Item 11 – Code of Ethics	12
Item 12 – Brokerage Practices	13
Item 13 – Review of Accounts.....	17
Item 14 – Client Referrals and Other Compensation.....	17
Item 15 – Custody	18
Item 16 – Investment Discretion	18
Item 17 – Voting Client Securities.....	18
Item 18 – Financial Information.....	18

Item 4 - Advisory Business

OVERVIEW

Superior Planning, Inc. was founded in 1982 in Cleveland, Ohio, incorporated as an Ohio corporation and Registered Investment Adviser (RIA) in 1984; relocated to California in 1987 and subsequently established as a California corporation and RIA. Superior Planning, Inc. has reorganized as a California LLC in 2024 and is now Superior Planning, LLC (“SPL,” or “we”).

SPL was initially owned by James F. Thomas, Jr. and M. Elizabeth Thomas, and have continued to maintain a 3% ownership. The remaining 97% ownership in SPL is owned by five individuals - Joseph Bauers, James Gates, Matthew Leighton, John Sedberry, and Susan Ferrari.

SPL evaluates our clients based on their investment profile and strategy. After evaluation, we select and offer among several proprietary models, AMS portfolio models available from Raymond James, strategists available on Orion Portfolio Solutions, customized models available from Carmel Capital Partners, LLC and other tailored investment strategies that meet the client’s investment objectives to maximize their returns.

In addition, SPL in some circumstances, provides family enterprise leaders objective oversight administration, and business succession planning and implementation support through the delivery of the *Superplan® a family wealth and relationship enrichment program* presented as a series of periodic gameboard scenarios to facilitate family wealth decision-making.

The process encompasses a review and analysis of the implications on a variety of interrelated matters, such as family financial, tax, cash flow, balance sheet, wealth transfer, and closely held business issues, which may also include other non-securities investing (e.g., private equity, venture capital, real estate, commodities, insurance, personal use assets, etc.).

INVESTMENT MANAGEMENT SERVICES

The firm provides family office, investment advisory services, and succession planning to families and the entities they control including trusts, estates, closely held businesses, qualified plans, and charitable organizations. Typical client family engagements are long term, annual renewable, progressively evolving relationships designed to systematically facilitate the client’s ability to meet and overcome the ongoing challenges of family wealth management and transfer while addressing other family dynamic matters beyond the financial.

We or our affiliates primarily invest client assets in individual securities, mutual funds or exchange traded funds (“ETFs”), along with a variety of private placement programs. We evaluate, select, and oversee other investment managers to manage a portion of the client’s account when appropriate.

The investment advisory goals and objectives for clients may be documented in a customized Master Investment Policy Statement, which governs the client’s entire investment portfolio, regardless of account or ownership. Though policy format is standardized to ensure compliance with fiduciary guidelines, and includes each of the basic prudent investor elements, all are tailored to the individual client family and their specific values, vision, and goals:

- *Objectives*
- *Time Horizons*
- *Risk Profile and Priority*
- *Assumptions*
- *Performance Expectations*
- *Asset Allocation*
- *Procedures*

We operate within the family governance and charter dictated by the client. Clients maintain ultimate decision-making authority and choose among the variety of services and programs available through the firm and may exclude any service offered or recommended by the firm.

All engagement agreements are customized and confidential and may not be assigned without client consent.

SPL tailors its services to the individual needs of its clients. We collaborate with each client to develop an appropriate investment profile and strategy and seek to manage the portfolio accordingly. We help clients select from various growth, income, balanced and other prudent investment strategies. Clients may impose reasonable restrictions on SPL’s management of their accounts, if necessary.

After SPL evaluates our client based on investment profile and strategy, we select among several customized portfolio models that meet the client’s investment objectives to maximize their returns.

Adviser Coordination - An essential feature and benefit of engagement with the firm is the assistance and support given to coordinate and facilitate the collective efforts of the client’s

advisory specialists (Attorney, Accountant, Banker, Investment Adviser, Insurance Agent, etc.) on behalf of the family in line with the family's values, vision, and goals.

SUBSCRIPTION PROGRAMS

SPL charges a subscription fee for objective Financial Planning, Wealth Management, and *Superplan*® programs and services. They typically include tax advisory, estate planning, non-investment related financial counseling, etc., and are separately identified and billed.

The client retains absolute discretion over all planning and related implementation decisions and is free to accept or reject any recommendation from SPL and its representatives in that respect.

ERISA/IRC Fiduciary Acknowledgment. When SPL provides investment advice to a client about a client's retirement plan account or individual retirement account, it does so as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA"), the laws governing retirement accounts. Though the SPL business model may create a potential client conflict of interest, SPL operates under a special rule that requires the firm to act in the client's best interests ahead of the firm's in all instances. Under this special rule's provisions, SPL must: meet a professional standard of care when making investment recommendations (give prudent advice); never put its financial interests ahead of the client's when making recommendations (give loyal advice); avoid misleading statements about conflicts of interest, fees, and investments; follow policies and procedures designed to ensure that SPL gives advice that assures the client's best interest; charge no more than is reasonable for SPL's services; and give the client basic information about conflicts of interest.

Client Obligations. When performing its services, SPL is not required to verify any information received from the client or from the client's designated professionals and is expressly authorized to rely on that information. Clients are responsible to promptly notify SPL if there is ever any change in their financial situation or investment objectives for the purpose of reviewing or amending SPL's services or previous recommendations.

Portfolio Trading Activity. As part of its investment advisory services, SPL will manage client portfolios on an ongoing basis to determine if trading is necessary based upon various factors, including but not limited to investment performance, market conditions, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods when SPL through ongoing management, determines that upon review, trades

within a client’s portfolio are not prudent. Clients nonetheless remain subject to the fees described in Item 5 during periods of portfolio trading inactivity.

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

Margin Accounts. SPL does not recommend the use of margin for investment purposes. However, if a client determines to take a margin loan that collateralizes a portion of the assets that SPL is managing, SPL’s investment advisory fee will be computed based upon the full value of the assets, without deducting the amount of the margin loan.

REGULATORY ASSETS UNDER MANAGEMENT (“RAUM”)

As of September 17, 2024, SPL had approximately \$105,397,091 in assets under management across 295 accounts. Of these assets, \$49,398,014, were managed on a discretionary basis and \$55,999,077 on a non-discretionary basis.

Item 5 – Fees and Compensation

INVESTMENT MANAGEMENT SERVICES

Fee Schedule for Asset Management: Although the firm has a maximum annual fee rate of 2%, SPL’s advisers are free to negotiate a rate that is acceptable to both client and adviser.

Total Account Value	Maximum Annual Adviser Fee
All Values	2.00%

SPL charges investment advisory fees quarterly in advance based on the account value at the beginning of the quarter based primarily on asset size and the level of complexity of the services provided. In individual cases, SPL has the sole discretion to negotiate fees that are lower than the standard fee shown or to waive fees. Fees are not based on the share of capital gains or capital appreciation of the funds or any portion of the funds. Comparable services for lower fees may be available from other sources. Fees for the initial quarter will be prorated based upon the number of calendar days in the calendar quarter that the advisory agreement is in effect. Fees are based on the market value of the assets on the last business day of the previous quarter. Consulting services are included in these fees for asset management services except for unique circumstances that may require a separate agreement for financial planning, wealth management, or *Superplan*® subscription programs or services (discussed below). If the situation warrants separate subscription fees, it will be discussed upfront, and a separate agreement will be negotiated.

As authorized in the client agreement, the account custodian will withdraw SPL's advisory fees directly from your accounts. Each custodial statement received by the client includes the amount of any fees paid to SPL for advisory services. You should carefully review the statement from your custodian's statement and verify the calculation of fees charged. Your custodian does not verify the accuracy of fee calculations.

SPL generally imposes a \$10,000 annual minimum fee for advisory services. Therefore, a client maintaining less than \$500,000 in assets under SPL's management who is subject to the \$10,000 annual minimum fee will pay a higher percentage than the 2.0% reflected in the fee schedule above. SPL, in its sole discretion, may reduce its investment advisory fees, reduce, or waive tax preparation fees, and reduce or waive its annual fee minimum based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, servicing needs, negotiations with client, etc.). Certain legacy clients may have accepted different service offerings from SPL and may therefore receive different services under different fee schedules than as set forth above. As a result of these factors, similarly situated clients could pay different fees, and the services to be provided by SPL to any particular client could be available from other advisers at lower fees.

When investments or other financial products are recommended by the firm, clients are under no obligation to purchase them from firm members and are free to associate with any attorney, accountant, brokerage firm, insurance agent, or other provider they may choose. If such transactions are provided by a licensed firm member, all fees, commissions, or other compensation will be assigned to the firm.

FINANCIAL PLANNING, WEALTH MANAGEMENT, AND SUPERPLAN® PROGRAMS

Clients may also engage the firm by way of an annual Financial Planning, Wealth Management, or *Superplan*® Engagement subscription fee with no expectation that they will act on recommendations or invest in or purchase any financial products or services offered by firm members which may be considered a conflict of interest to objective planning advice.

The terms, conditions, disclosures, effective date, and pricing of each engagement agreement is formalized in an Engagement Agreement signed by both a family fiduciary and a member of the firm.

Subscription program pricing is based upon the scope of the customized program or service to be rendered, the degree of complexity associated with the family's situation, and is negotiable.

OTHER FEE DISCLOSURES

Unless SPL expressly agrees otherwise in writing, account assets consisting of cash and cash equivalent positions are included in the value of an account's assets for purposes of calculating SPL's advisory fee. Clients can advise SPL not to maintain (or to limit the amount of) cash or cash equivalent positions in their account. In addition to SPL's investment advisory fees, clients bear trading costs, custodial fees and fees and expenses that mutual funds or non-affiliated Independent Managers charge. Specifically, broker-dealers charge transaction fees for executing certain securities transactions according to their fee schedule, and they or their affiliated custodians also impose charges for custodial services or fees associated with maintaining the client's account. For mutual fund and ETF purchases, clients will incur charges imposed by the respective fund, which represent the client's pro rata share of the fund's management fee and other fund expenses. These fees and expenses are described in each fund's prospectus or other offering documents. SPL does not share in any portion of those fees or expenses.

Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee based upon the effective date or termination date of the Investment Advisory Agreement ("IAA"), as applicable. Upon termination of an account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Item 6 – Performance-Based Fees and Side-By-Side Management

SPL does not charge any performance-based fees to clients.

Item 7 – Types of Clients

The firm provides Financial Planning, Wealth Management, *Superplan*® and investment advisory services to family leaders including, but not limited to individuals, trustees,

executors, closely held business owners, qualified plan fiduciaries, and non-profit organization executives.

Prospective client families typically control assets in the \$20 million to \$120 million range, though under certain circumstances families with less or more can and do utilize firm services.

Client engagements vary in scope and length of service. Plans and programs are designed to support long-term relationships to systematically overcome current and ongoing challenges of family wealth governance to realize a variety of stated family wealth goals.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

SPL uses the investment strategies, methods of analysis and considers the following risks described below in providing investment advice to our clients and managing client assets.

Methods of Analysis to consider Investment Strategies

SPL meets with the client to determine the client's goals, risk tolerance and time horizon. Based on these discussions, SPL designs an appropriate investment plan and a strategic, well-diversified asset allocation for each client based on certain investment management models. Such an asset allocation requires the spreading of investments among several asset classes (stocks vs. bonds, U.S. vs. International, large cap stocks vs. small cap stocks, growth vs. value stocks, taxable bonds vs. municipal bonds, etc.). After determining how much of a client's portfolio should be allocated to each asset class, SPL then selects the appropriate investment management models to meet a client's needs.

Maintaining a strategic, well-diversified asset allocation requires discipline to periodically rebalance. We help clients maintain this discipline. We place great emphasis on minimizing portfolio turnover and trading/transaction costs. Those costs as well as taxes influence the decisions to rebalance and as such some latitude is given to rebalancing.

SPL may allocate (or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Managers") when consistent with investment objectives. The Independent Managers will have day-to-day responsibility for the active discretionary management of the allocated assets. However, SPL will monitor account performance, asset allocation and consistency with investment objectives. SPL generally considers the following factors when recommending Independent Managers: the client's designated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Managers are exclusive of, and in addition to, SPL's ongoing investment advisory fees, which will be disclosed to the client before entering

the Independent Manager engagement and/or subject to the terms and conditions of a separate agreement between the client and the Independent Managers.

Advisory fees and program subscription fees are for two distinct and separate deliverables and as such are not available to offset the price of one against the price of the other.

SPL may recommend that certain qualified clients consider an investment in unaffiliated private investment funds or other complex products. SPL's role for these investments is essentially limited to initial due diligence and investment monitoring services. If a qualified client determines to invest in these types of products, the amount of assets invested may be included as part of "assets under management" for purposes of SPL calculating its investment advisory fee. The value for all investments owned by the client will reflect the most recent valuation provided by the program sponsor. SPL's clients are under absolutely no obligation to consider or make an investment in any of these programs.

The firm evaluates the performance of our clients' investments in a variety of ways that help us understand how the clients' investments are performing versus appropriate benchmarks. Performance reports and presentations provide clients with an overview of their total portfolio performance, an analysis of each individual holding, mutual fund, or manager's performance and an analysis of each asset class's performance.

Investment Strategy

The primary investment philosophy is a customized strategic asset allocation based on each client family's unique values, vision, and goals, and in some cases outlined in the family's Master Investment Policy Statement.

Within the *Superplan*® programs, the firm utilizes additional proprietary reports, such as the Core Portfolio Manager™ (CPM) and Portfolio Income Director™(PID) in conjunction with the family's Master Investment Policy Statement to monitor the family's aggregated array of professionally managed accounts to counteract risks associated within the fluctuations of four basic markets (Money, Bond, Stock, and Tangible).

The investment strategy for each client family is based upon the parameters and objectives stated by family leaders during meetings and modified during the ongoing planning and implementation process. Clients are free to adjust their Master Investment Policy Statement at any time as their situation and needs dictate.

Risk of Loss

As part of the model portfolios that SPL selects, components of these models generally include individual securities and equities, mutual funds, ETFs, municipal bonds, specialty programs, and cash/cash equivalents. Investing in securities involves risk of loss that clients

should be prepared to bear, including the loss of principal balance. Past performance does not guarantee future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and investment strategies recommended or undertaken by SPL or any Independent Manager) will be profitable or equal any specific performance level. Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies.

Securities recommended for investment are subject to market risk, which is the risk that the stock market will decline, reducing the values of individual securities regardless of their fundamental characteristics. The direction of the stock market is difficult to predict and depends upon changes in interest rates, inflation, and a host of other economic and political factors.

In addition to general market risk, SPL has identified the following risks unique to our investment strategies:

Mutual Fund Risk – Mutual funds are operated by investment companies that raise money from shareholders and invest it in stocks, bonds, and/or other types of securities. Each fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

Exchange Traded Fund Risk – ETFs are marketable securities that are designed to track, before fees and expenses, the performance or returns of a relevant index, commodity, bonds, or basket of assets, like an index fund. Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to: an ETF's shares may trade at a market price that is above or below its net asset value; the ETF may employ an investment strategy that uses high leverage ratios; or trading of an ETF's shares may be halted if the listing exchange's officials deem the action appropriate, the shares are de-listed from the

exchange, or the activation of market-wide “circuit breakers” (which are tied to large decreases in stock prices) halts stock trading generally.

Independent Manager Risk – Independent Managers make investment decisions independently of SPL and may at times hold economically offsetting positions. Independent Managers do not seek approval or notify SPL before placing trades in our client accounts. Additionally, each Independent Manager must deal with the full spectrum of risk as it applies to their portfolios. SPL does not control the level of risk, or the performance derived from such managers. Clients should review Independent Managers Form ADV Part 2A for a description of the types of risk involved with applicable strategies. To mitigate those risks, SPL periodically monitors the performance and investments made by the Independent Managers.

Cash and Cash Equivalent Risk – SPL may hold a portion of client’s assets in cash or cash equivalent positions (such as but not limited to money market funds) typically for defensive and liquidity purposes. Investments in these assets may cause a client to miss upswings in the markets.

Dependence on Research Consultants – We rely upon information provided by one or more research consultants, which we have reason to believe is accurate and complete. However, we cannot guarantee that the recommendations provided will result in successful investments. If our research consultant were to provide SPL with incorrect or incomplete information, there is a risk which may result in losses due to such incomplete information.

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

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SPL or the integrity of SPL’s management. SPL has no legal or disciplinary events to report.

Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisers

SPL has affiliations with multiple Registered Investment Advisers including Carmel Capital Partners, LLC, an SEC Registered Investment Advisor, PlanMember Securities Corporation, an SEC Registered Investment Advisor, and Raymond James RIA & Custody Services Division an SEC Registered Investment Advisor. In these capacities, they may accept commissions or asset management fees on the placement of securities or other financial products (see Item 5 – Fees and Compensation). All such commissions and fees are assigned to Superior Planning, LLC.

Superior Planning, LLC is a licensee of Superplan® Systems, LLC, and Advice Engagement, LLC authorized licensors of the Superplan® family wealth and relationship enrichment systems and programs noted in Form ADV Part 2.

Broker-dealers

To permit SPL clients to have access to as many investment solutions as possible, certain professionals of SPL are registered representatives of PlanMember Securities Corporation (“PM”) a FINRA member broker-dealer. The relationship with PM allows these professionals to provide additional products to clients’ portfolios that would not otherwise be available. Because PM supervises the activities of these professionals as registered representatives (“RR” or “representative”) of the respective BD’s, the relationship may be deemed material. However, PM is not affiliated with SPL or considered a related party. PM does not make investment decisions for SPL client accounts. Representative status enables these professionals to receive customary commissions for the sales of various securities, including those recommended to clients. Commissions charged for these products will not offset management fees owed to SPL.

Receipt of commissions for investment products that are recommended to clients gives rise to a conflict of interest for the representative, in that the individual who will receive the commissions is also the individual that is managing the client’s investment advisory account. This conflict is disclosed to clients verbally, in this brochure and each representative’s supplemental brochure. Clients are advised that they may choose to implement any investment recommendation through another broker-dealer that is not affiliated with SPL.

SPL attempts to mitigate this conflict by requiring that all investment recommendations have a sound basis for the recommendation, and by requiring employees to acknowledge that they are acting in the best interest of their client.

Relationship with Related Persons

Certain professionals of SPL are separately licensed as independent insurance agents. As such, these professionals may conduct insurance product transactions for SPL clients, in their capacity as licensed insurance agents, and will receive customary commissions for these transactions in addition to any compensation received in his or her capacity as employees of SPL. Commissions from the sale of insurance products will not be used to offset or as a credit against advisory fees. These professionals therefore have an incentive to recommend insurance products based on the compensation to be received. The receipt of additional fees for insurance commissions is therefore a conflict of interest, and clients should be aware of this conflict when considering whether to engage SPL or utilize these professionals to implement any insurance recommendations. SPL attempts to mitigate this conflict of interest by disclosing the conflict to clients and informing the clients that they are always free to purchase insurance products through other agents that are not affiliated with SPL, or to determine not to purchase the insurance product at all. SPL also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm's Code of Ethics their individual duty to the clients of SPL, which requires that employees put the interests of clients ahead of their own.

Item 11 - Code of Ethics

SPL maintains an investment policy relative to personal securities transactions. This investment policy is part of SPL's overall Code of Ethics, which serves to establish a standard of business conduct for all SPL's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request. In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), SPL also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by SPL or any person associated with SPL.

Neither SPL nor any related person of SPL recommends, buys, or sells for client accounts, securities in which SPL or any related person of SPL has a material financial interest.

SPL and its representatives may buy or sell securities that are also recommended to clients. This practice may create a situation where SPL and its representatives are able to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place

if SPL did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed before those of SPL’s clients) and other potentially abusive practices.

SPL has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of SPL’s “Access Persons.” SPL’s securities transaction policy requires that an Access Person of SPL must provide the Chief Compliance Officer or a designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or a designee with a written report of the Access Person’s current securities holdings at least once every twelve (12) month period thereafter on a date SPL selects.

SPL and its representatives may also buy or sell securities at or around the same time as those securities are recommended to clients. This practice creates a situation where SPL and/or representatives of SPL are able to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. As indicated above, SPL has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of SPL’s Access Persons. SPL’s clients or prospective clients may request a copy of the firm's Code of Ethics by contacting SPL at (858) 546-1046.

Item 12 – Brokerage Practices

How We Select Brokers/Custodians.

If a client requests that SPL recommend a broker-dealer/custodian for execution or custodial services, SPL generally recommends that investment management accounts be maintained at Raymond James (“RJ”). Before engaging SPL to provide investment management services, the client enters into an agreement with SPL setting forth the terms and conditions for the management of the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. Depending on which broker-dealer/custodian the client selects to maintain their account, they may experience differences in customer service, transaction timing, the availability of sweep account vehicles and money market funds, and other aspects of investing that could cause differences in account performance.

When seeking “best execution,” from a broker-dealer, the determinative factor is not always the lowest possible cost, but whether the transaction represents the best qualitative execution when considering the full range of a broker-dealer’s services including the value of research provided, execution capability, commission rates, and responsiveness. Although SPL cannot guarantee that clients will always experience the best possible execution

available, SPL seeks to recommend a broker-dealer/custodian that will hold client assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. SPL considers a wide range of factors when recommending a broker-dealer/custodian, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear and settle trades (buy and sell securities for client accounts);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.);
- Quality of services (including research);
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices;
- Reputation, financial strength, and stability; and
- Prior service to SPL and its other clients.

Your Brokerage and Custody Costs.

RJ is compensated for its services according to its fee schedule, generally by charging clients commissions or other fees on trades that it executes or that settle into their RJ account. Although SPL will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for all client account transactions. The fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, SPL's investment advisory fees. RJ charges clients a flat dollar amount as a "prime broker" or "trade-away" fee for each trade that SPL executes by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited or settled into the client's RJ account. These fees are in addition to the commissions or other compensation clients pay the executing broker-dealer. Therefore, to minimize client trading costs, SPL directs RJ to execute most if not all trades for client accounts. When doing so, SPL has determined that having RJ execute most trades is consistent with the duty to seek "best execution" of client trades.

Products and Services Available to Us From RJ.

AMS Services. As part of the Services to SPL, RJ allows SPL access to its asset-based fee account programs to offer to its clients. RJ offers these Services through (i) advisory programs, which are managed by the SPL, and (ii) AMS Managed Programs, which are products and programs managed or sponsored by Asset Management Services ("AMS"), an

operating division of Raymond James, an investment adviser registered with the SEC under the Advisers Act.

RJ's 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 RJ include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. These services benefit you and your account.

RJ 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 RJ's own and that of third parties. We may use this research to service clients' accounts. In addition to investment research, RJ also makes available software and other technology that:

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

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

- Educational conferences and events
- Consulting on technology, compliance, legal and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

RJ may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. RJ may discount or waive its fees for some of these services or pay all or a part of a third party's fees. RJ can also provide occasional business meals and entertainment to our personnel.

Our Interest in RJ's Services and Benefits and Related Conflict of Interest.

The availability of the services and products described above that we receive from RJ (the "Services and Products") provide us with an advantage, because we do not have to produce or purchase them. However, we do not have to pay RJ or any other entity for Services and

Products that RJ provides us. SPL's clients do not pay more for investment transactions executed and/or assets maintained at RJ because of this arrangement. The receipt of Services and Products are not contingent upon us committing any specific amount of business to RJ in trading commissions or assets in custody. There is no corresponding commitment made by SPL to RJ or any other entity to invest any specific amount or percentage of client assets in any specific securities or investment products because of the above. However, this arrangement nonetheless incentivizes us to recommend that you maintain your account with RJ, based on our interest in receiving RJ's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This presents a conflict of interest. When making such a recommendation, however, we do so when we reasonably believe that recommending RJ to serve as broker-dealer/custodian is in the best interests of our clients. It is primarily supported by the scope, quality, and price of RJ's services and not RJ's services that benefit only SPL.

Best Execution Reviews.

SPL periodically evaluates the pricing and services offered by RJ with those offered by other reputable firms. SPL has sought to make a good-faith determination that RJ provides clients with good services at competitive prices. Historically, SPL has concluded that RJ is as good as or better than the other firms that have been considered. SPL would notify its clients if it were to determine that another firm offered better pricing and services than RJ.

Brokerage for Client Referrals

SPL does not receive referrals from broker-dealers.

Directed Brokerage

SPL does not generally accept directed brokerage arrangements (when a client requires that account transactions be executed through a specific broker-dealer). In such client directed arrangements, the client would negotiate terms and arrangements for their account with that broker-dealer, and SPL would not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by SPL. As a result, the client could pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. In the event the client directs SPL to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through SPL. Higher transaction costs adversely

impact account performance. Finally, transactions for directed accounts would generally be executed following the execution of portfolio transactions for non-directed accounts.

Aggregation of Purchases or Sales

SPL will generally execute account transactions for each client independently unless SPL decides to purchase or sell the same securities for several clients at approximately the same time. SPL may (but is not obligated to) combine or “bunch” such orders to seek best execution, to negotiate more favorable commission rates, or to equitably allocate differences in prices and commissions or other transaction costs among SPL’s clients, which might have been obtained if the orders were placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. SPL will not receive any additional compensation or remuneration because of such aggregation.

Item 13 – Review of Accounts

Accounts under SPL’s management are monitored on an ongoing basis by its advisers. The advisers review each account in detail on at least an annual basis, as well as in connection with each client meeting. Reviews of client accounts will also be triggered if a client changes their investment objectives, or if the market, political, or economic environment changes materially.

Clients receive account statements directly from their chosen custodian on at least a quarterly basis. SPL may supplement these custodial statements with reports provided during client meetings or as requested. SPL’s statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. It is important that each client understands that their custodial statements received is the most accurate representation of their assets and performance.

Item 14 – Client Referrals and Other Compensation

As referenced in Item 12 above, SPL receives economic benefits from RJ including support services and products without cost or at a discount. SPL’s clients do not pay more for investment transactions executed and assets maintained at RJ because of this arrangement. There is no corresponding commitment made by SPL to RJ or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products because of the above arrangement.

SPL does not compensate, directly or indirectly, any person, other than its representatives, for client referrals. SPL may offer professional referrals to clients for services it does not provide, such as legal services. The firm does not receive any financial incentive for providing

these referrals. Other professionals or clients may refer prospective clients to SPL, but SPL does not compensate them for referring a prospective client to SPL.

Item 15 – Custody

SPL can have its fees for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian or program sponsor for the client accounts. SPL may also provide a written periodic report summarizing account activity and performance.

To the extent that SPL provides clients with periodic account statements or reports, SPL urges clients to carefully review those statements and compare them to custodial account statements with the understanding that the information in custodial account statements takes precedence over SPL's periodic account statements. SPL's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. The account custodian does not verify the accuracy of SPL's advisory fee calculations.

Item 16 – Investment Discretion

SPL usually receives discretionary or non-discretionary authority from the client at the outset of an advisory relationship to select the identity and number of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the client account. When selecting securities and determining amounts, SPL observes the investment policies, limitations, and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided from the client to SPL in writing.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, SPL does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for all securities maintained in client portfolios.

Item 18 – Financial Information

SPL does not require or solicit prepayment of more than \$1,200 in fees per client six months in advance. Therefore, a balance sheet is not required to be attached. There is no known financial condition that is reasonably likely to impair SPL's ability to meet contractual commitments to clients, and SPL has not been the subject of any bankruptcy proceeding.