

**Item 1: Cover Page**

# ADV Part 2A Brochure



## ECONOLOGICS FINANCIAL ADVISORS, LLC

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This brochure provides information about the qualifications and business practices of Econologics Financial Advisors, LLC. If you have any questions about the content of this brochure, please contact us at 727-588-1540 or by email at [info@econologics.com](mailto:info@econologics.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

We are a Registered Investment Advisor with the United States Securities and Exchange Commission. Registration as an Investment Advisor does not imply any level of skill or training.

Additional information about Econologics Financial Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Econologics Financial Advisors, LLC is 125738.

**Item 2: Summary of Material Changes**

This Firm Brochure provides a summary of Econologics Financial Advisors, LLC's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things.

This Item is used to provide clients with a summary of material changes to the firm or its business or additional information since the previous version of the Firm Brochure.

This version of the Firm Brochure updates the last version filed in March 2024, by providing information (including a description of services and fees) about service offerings available to clients who are not owners of private professional practices.

If you would like to receive a complete copy of Econologics Financial Advisors' Firm Brochure including ADV Part 2B Supplements, please call 727-588-1540 or send an email at [info@econologics.com](mailto:info@econologics.com).

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## **Item 4: Advisory Business**

### **Firm Description and History**

Econologics Financial Advisors, LLC (“EFA”) is a fee-based investment advisor with its place of business located in Largo, Florida. The firm was established in early 2003 as Wealth Advisory Associates, a sole proprietorship, and adopted its current name and corporate form, (a Wyoming limited liability company), in November of 2007. EFA was registered as an investment advisor with Florida Division of Securities from 2003 to 2014 and has been registered with the Securities and Exchange Commission since 2015. EFA’s current owners and officers are Diane Hart, Managing Member/Chief Executive Officer and Eric S. Miller, Managing Member/Chief of Operations, Senior Advisor, and Chief Compliance Officer. The firm currently has five investment professionals and several non-investment employees. For more information about the management team and its investment advisor representatives please consult the Brochure Supplement.

### **Advisory Services**

As discussed below, EFA offers a broad range of services to its clients, of which investment advice is only one aspect. EFA’s clients are primarily the owners of private professional practices (“Owners”). Its services are also available to associates of professional practices (“Non-Owners”).

### **Financial Planning for Owners:**

Under a Financial Planning Agreement with EFA, clients receive an Econologics Roadmap (“Roadmap”), which is a comprehensive financial plan that incorporates the client’s core values, life goals, and plans. The Roadmap for Owners focuses on nine elements, as follows:

1. **Financial Planning:** A financial plan which begins with the client’s ultimate goals and works backwards to identify the appropriate incremental steps to the end objective.
2. **Policies and Procedures:** Policies and procedures regarding finances to be followed in the household, based on a knowledge of the basics of personal finance and the capability to competently handle the financial affairs of the household.
3. **Business Viability:** Incorporates the professional practice’s value and viability into the financial plan with the use of a professional practice valuation and proprietary exit strategy summary report, as well as providing step-by-step value drivers in the practice and creating a personal and customized value gap calculation to answer the question, “Can I afford to exit my practice today?”.
4. **Income Planning:** Assuring that clients have determined the level of income they will need over time and that they have made plans to generate a satisfactory income stream through retirement. Recommendations may include managed accounts, life insurance, fixed index annuities, long term care and other similar investment vehicles that are deemed appropriate for the client based on their financial planning needs. (As further discussed below, certain EFA personnel are also licensed insurance agents and may offer to sell insurance and annuity products.)
5. **Debt and Credit Management:** EFA advises clients on the desirability of keeping their household and business debt free, and helps devise a plan for reaching this goal.
6. **Estate Planning:** EFA emphasizes to clients the importance of having up-to-date wills and other documents to ensure that their health and legal matters will be taken care of as they have directed, and to minimize estate and gift taxes to a minimum. EFA does not provide legal or tax advice and urges clients to contact qualified professionals.
7. **Tax Planning:** EFA also discusses with clients the importance of minimizing federal and state income tax liability and planning to save taxes during retirement. EFA offers general information about taxes, but does not advise clients about their individual tax situation. Clients are urged to use a qualified tax specialist.
8. **Asset Protection:** EFA encourages clients to reasonably limit their assets’ exposure to loss, including exposure to liability, market losses, tax losses and inflation.

9. **Investments:** EFA, in its role as investment adviser, works with the client to develop an Investment Policy Statement that reflects a level of risk and potential return that is consistent with the client's long-term goals.

The Econologics Roadmap for Owners explores the following areas as part of the financial planning process:

1. Identifying and clarifying personal and family core values, mission, vision and goals;
2. Preparing a financial plan/roadmap, which encompasses the client's current financial situation, the client's liquidity and asset preservation needs, wealth accumulation goals, wealth distribution and transfer plans. More specifically, the financial plan/roadmap may include, but is not limited to the following:
  - Econometry® Analytics used to measure the economic and financial condition of the household
  - Savings and emergency reserves analysis
  - Asset allocation and investment portfolio analysis
  - Potential tax consequences (in collaboration with client's tax advisor)
  - Personal and business debt reduction recommendations
  - Risk management and insurance analysis including life, annuity and long-term care needs
  - Retirement and income streams analysis
  - Estate and family legacy planning (through consultation with legal counsel)
  - Business value, viability and succession planning
3. An outline of recommendations, strategies, solutions and resources;
4. A summary plan of action to prioritize implementation of the plan recommendations;
5. Investment consultations to develop a customized investment strategy tailored to the client's long-term investment goals, which may include preparing a formal written Investment Policy Statement ("IPS");
6. Facilitating meetings with the client and the client's legal, accounting and tax advisors, which may include specialists within EFA's professional network (EFA does not provide legal or tax advice);
7. Coordinating and facilitating meetings with family members, business associates, partners or other key individuals to assist with implementing the action plan.

### **Ongoing Advisory Service for Owners**

Once the initial financial planning services have been completed by delivering the Econologics Roadmap to the client, EFA will offer its Ongoing Advisory Service Agreement to the client. Under that Agreement, for a monthly fee, Clients receive:

- Continual access to an Econologics investment professional ("Advisor") for financial planning services, plus regularly scheduled accountability calls;
- Access to eMoney online financial organizer;
- Special Econologics pricing on future events; and
- Access to an exclusive website for Econologics Clients with digital access to recorded event presentations, booklets, books, articles, etc.

Active Ongoing Advisory Service Clients whose monthly fee payments are up to date for at least twelve months may also receive, at no additional cost, either one of the following:

- Econologics Annual Roadmap Renovation Financial Plan, a proprietary annual updated financial plan that modifies and fine-tunes the implementation of the Econologics Roadmap with recommendations based on the review of the client's data, including their updated statistics, risk exposure analysis and income streams analysis; or
- Econologics Practice Exit & Wealth Management Plan, as described below.

## Exit Planning for Owners

An important part of a practice owner's comprehensive financial plan is planning for the sale of their practice. This "Exit Planning" is focused on the actual sale of the practice and can incorporate the client's core values, life goals and plans for post-sale. In producing the Econologics Practice Exit & Wealth Management Plan, EFA will work with the Client to implement a written financial plan to address each of the following four elements so that an optimum level of income and protection through retirement can be achieved:

1. **Financial Analysis:** An analysis of the practice sale that includes data from the sale offer or letter of intent integrated into an exit strategy planning tool. The analysis provides valuable information on financial readiness, the range of values for the practice, transition structuring effects on income, taxes and personal financial planning.
2. **Wealth Management & Asset Protection Plan:** Specifically addresses the household income plan including budget, income streams, debts, taxes, and asset allocation and Portfolio Manager recommendations.
3. **Strategic Planning for Wealth Management:** Review of the Client's current status regarding estate planning and asset protection to help the Client determine if they should seek the assistance of an estate planning attorney.
4. **Post-Sale Planning:** Mapping out life after the sale. Evaluate and plan what life will look like after ownership so that new goals are set for the future.

The Econologics Practice Exit & Wealth Management Plan explores many of the same areas as the Econologics Roadmap, but with a focus on developing a strategy for the transfer of the practice and planning for the Client's post-practice life.

## Financial Planning for Non-Owners:

Under a Financial Planning Agreement with EFA, Non-Owner clients receive an Econologics Roadmap that is similar to the Roadmap Owners receive, but without the features that apply specifically to practice ownership.

## Ongoing Advisory Services for Non-Owners:

Once the initial financial planning services have been completed by delivering the Econologics Roadmap to the client, EFA will offer its Ongoing Advisory Service Agreement that is similar to the Ongoing Advisory Service Agreement Owners receive, except billed quarterly and without the features that apply specifically to practice ownership.

## Investment Advisory Services

Currently, Clients who have received an Econologics Roadmap or Practice Exit & Wealth Management Plan, and have therefore worked with EFA to develop an investment strategy tailored to the Client's investment goals, are offered EFA's Investment Advisory service, which generally includes:

- An asset allocation study illustrating the balancing of investment return and risk, emphasizing spreading risk among various asset classes and investment vehicles as a classic way to increase portfolio security;
- Development of an Investment Policy Statement ("IPS"), describing the specific investment types and allocations, and
- Recommendations of one or more third-party money managers ("Portfolio Managers"), whose investment disciplines most closely match the investment objectives and policies as outlined in the client's IPS.
- For qualified investors, the advisor may recommend allocating a portion of the client's account to alternative investments.

The terms of the Investment Advisory service are described in the Investment Advisory Agreement.

Under the Investment Advisory service, EFA may select one or more Portfolio Managers consistent with the investment objectives and asset allocation in the Client's Investment Policy Statement. EFA's due diligence process with regard to current and prospective Portfolio Managers include an evaluation of:

- *Regulatory Compliance:* A clear track record of compliance with applicable laws and regulations and understanding of fiduciary duty to clients.
- *Track Record:* The Portfolio Manager should have at least three years of history so that performance statistics can be meaningfully analyzed.
- *Stability:* The same management team should be in place for at least two years. This reflects team unity and balance.
- *Composition:* At least 80% of the Portfolio Manager's underlying securities investments should be consistent with the broad asset class.
- *Performance:* The Portfolio Manager's investment performance should show a competitive advantage relative to its peer group in both up and down markets. This indicates a higher level of investment knowledge and an ability to respond effectively to changing market conditions.

These criteria may not apply to certain alternative investments.

In monitoring the investment performance of Portfolio Managers, EFA will utilize the above criteria to determine whether to consider the possible replacement of a particular Portfolio Manager.

EFA will also periodically consult with Clients regarding their financial condition and investment goals to determine whether any changes are needed to their IPS. EFA clients are advised to promptly notify EFA if there are ever any changes in their financial situation or investment objectives, or if they wish to impose any reasonable restrictions upon EFA's management services. While EFA will have the authority to select investments for the Client's account, it will not have the authority to make changes to the client's IPS without the Client's consent.

As further described below, EFA's investment advisor representatives may, in their capacity as licensed insurance agents, offer fixed index annuities and other insurance products to clients, for which they are paid a commission by the insurance company.

### **Tailored Advisory Services**

The Investment Advisory service's recommendations are tailored to the individual needs of the individual client. Clients may impose guidelines or reasonable restrictions on certain types of securities or investments, but such restrictions must be provided in writing.

### **Wrap Fee Programs**

Wrap fee programs generally are arrangements where clients are charged a single fee for both advisory services and brokerage commissions. EFA does not participate in wrap fee programs.

### **Assets Under Management**

As of December 31, 2023, Econologics Financial Advisors had \$114,188,824 in discretionary assets under management.

### **Item 5: Fees and Compensation**

The fees for EFA's services are stated below. All fees are negotiable at EFA's discretion based upon various criteria (e.g., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, negotiations with client, etc.). The fees are specified in the client agreement. EFA's negotiated fees may be higher or lower than those paid by other Clients, and may be higher or lower than fees charged by other firms for comparable services.

**Financial Planning Fees**

**Econologics Roadmap for Owners:** The fee for preparation of the Econologics Roadmap for Owners (which is based on an hourly rate of up to \$400) is generally in the range of \$7,500, not to exceed \$12,500.

**Econologics Roadmap for Non-Owners:** The fee for preparation of the Econologics Roadmap for Non-Owners (which is based on an hourly rate of up to \$400) is generally in the range of \$1,500, not to exceed \$5000.

The total fee (including the cost to review the client's financial information and prepare the financial plan) will be fully disclosed up-front in a Financial Planning Agreement. Generally, EFA requires the entire fee be paid at the time the Agreement is signed. Once the Econologics Roadmap is delivered, if the client decides to retain EFA to implement the financial plan, the parties may sign an Ongoing Advisory Service Agreement.

**Ongoing Advisory Service Agreement for Owners:** The monthly fee for new Owner Clients for Ongoing Advisory Services ranges between \$475 to \$975 per month.

**Ongoing Advisory Service Agreement for Non-Owners:** The quarterly fee for new Non-Owner Clients for Ongoing Advisory Services ranges between \$425 to \$975 quarterly.

**The Annual Roadmap Renovation Financial Plan for Owners and Non-Owners:** This plan is available at no additional cost to active Clients who have paid their Ongoing Advisory Service fee for the prior 12 months.

**Practice Exit & Wealth Management Plan for Owners:** For new clients who have not purchased an Econologics Roadmap or who are not participating in EFA's Ongoing Advisory Service for Owners, the fee for preparation of the Econologics Practice Exit & Wealth Management Plan (which is based on an hourly rate of up to \$400) is generally in the range of \$5,000, not to exceed \$12,500. This plan is also available at no additional cost to active Owner Clients who have paid their Ongoing Advisory Service fee for at least 12 months, as an alternative to the Annual Roadmap Renovation.

**Investment Advisory Service Fee:** The Investment Advisory fee is calculated based on the aggregate market value of the account multiplied by the corresponding annual percentage rate. To determine the quarterly fee billed to the client's account, the corresponding annual rate is divided by 365 calendar days then multiplied by the number of days in the calendar quarter (i.e.,  $1.50\% / 365 \text{ calendar days} = 0.00411\% \times 91 \text{ days} = .3740\%$

quarterly fee rate) then multiplied by the aggregate market value of the account. The fee applies to all assets managed by EFA.

The investment advisory fee is:

Account Value	Annual Fee Rate
Amounts up to \$100,000	1.00%
Amounts between \$100,001 and \$500,000	0.75%
Amounts greater than \$500,000	0.70%

EFA reserves the right, in its sole discretion, on a case-by-case basis, to negotiate fees.

Although EFA does not have a formal account minimum, it may decline to accept an account or continue to manage an account if, in its judgement, the balance of the account is not at a level where it is economically viable to manage the account.

**Additional Costs to Investment Advisory Service Clients**

In addition to EFA's Investment Advisory Service Fee, Clients will bear the following fees and expenses:



**AssetMark Platform Fee:** EFA utilizes the investment platform of AssetMark Investment Services, Inc. and its affiliates, which the firm believes is an economical and efficient way to provide Clients with access to a wide selection of investment products and Portfolio Managers. The Platform Fee charged to the EFA Client will vary depending on the type of investment portfolio or alternative investments chosen and is disclosed to the Client in the AssetMark Client Billing Authorization and Compensation Disclosure document.

**Portfolio Manager Fees:** EFA accesses the services of Portfolio Managers in two ways: (i) through an investment in a mutual fund or exchange-traded fund (ETF) managed by the Portfolio Manager, in which case the Portfolio Manager's fee will be paid out of the fund's assets, or (ii) EFA may engage a Portfolio Manager directly to manage all or a part of the Client's assets, in which case the Portfolio Manager's fee will be billed as provided in the Portfolio Manager's advisory agreement with the Client. The Client will receive a copy of the Portfolio Manager's Firm Brochure.

The Portfolio Manager's investment advisory management fee will generally not exceed an annual rate of 1%. NOTE: This means that the combined investment advisory fees of EFA and the Portfolio Manager could equal or exceed 2%.

### **Other Costs Involved**

**Mutual Fund and ETF Expenses:** In addition to portfolio management fees, mutual funds and ETFs bear brokerage, administration, custody and other fees, which affect the investment results of the funds and therefore are paid indirectly by the Client. These fees and expenses are described in each fund's prospectus.

**Alternative Investment Expenses:** In addition to a portfolio management fee, alternative investments may also charge performance fees. These fees and expenses are fully disclosed in the investment offering materials provided by the strategist.

**Brokerage and Custodial Fees:** The Client will also be charged for all transaction, brokerage, and custodial fees incurred as part of overall account management. Please see Item 12 of this Brochure for important disclosures regarding the Advisor's brokerage practices.

**Fees in General:** Under no circumstances will EFA earn fees in excess of \$1,200 more than six months in advance of services rendered.

### **Account Termination**

**Termination of Financial Planning Agreement or Practice Exit & Wealth Management Agreement:** The client may terminate these Agreements by written notice at any time prior to the presentation of the planning documents. However, if the client terminates after EFA has devoted any time to the development and preparation of the final planning documents, the client will be charged the hourly rate specified in the Agreement for such time through the termination date. Any prepaid fees, if un-earned, will be returned promptly.

**Ongoing Advisory Agreement:** The Ongoing Advisory Agreement monthly retainer service can be terminated by either party (the Client or the Company) upon written notice to the other party at any time. The Company does not prorate refunds of the monthly retainer fee. Termination will occur on the last business day of the month in which termination was requested. Fees paid for the final month will not be refunded.

**Termination of Investment Advisory Service Agreement:** Either party may terminate the portfolio monitoring or Investment Advisory service upon 30-days written notice to the other party. Such notification should include the date the termination will go into effect along with any final instructions for the account. In the event termination does not fall on the last/first day of a calendar quarter, the fee shall be pro-rated based on the number of days in the quarter during which the Agreement will have been in effect after the termination notice goes into effect.

**Item 6: Performance-Based Fees and Side-by-Side Management**

Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. EFA does not charge performance-based fees.

Clients investing in certain alternative investments may be charged a performance-based fee, which is disclosed at the time of the investment offering.

**Item 7: Types of Clients**

EFA's investment advisory clients are primarily the owners of private professional practices and their associates..

**Item 8: Methods of Analysis, Investment Strategies and Risk of Loss****Summary**

In developing a long-term investment strategy for clients, EFA consults with clients to understand their financial needs and investment objectives, time horizon, and risk tolerance. These factors are incorporated into the Client's IPS. EFA may then recommend effecting the strategy through one or more Portfolio Managers who may manage the client's account directly or through a pooled investment vehicle, such as mutual funds and exchange traded funds ("ETF").

In evaluating a client's need for reliable long-term income sources, EFA may recommend an investment in a fixed index annuity. EFA may also recommend a universal, index universal or whole life or insurance policy. See important disclosures regarding potential conflicts of interests under Item 10, below.

In addition, depending on a client's risk tolerance or eligibility, EFA may also recommend an allocation to alternative investments which carry a higher degree of risk. Any recommendation of these types of investments will entail a thorough discussion with the client about their unique risk characteristics.

All investments involve different degrees of risk. Clients should be aware of their risk tolerance level and financial situations at all times. EFA cannot guarantee the successful performance of an investment and is expressly prohibited from guaranteeing accounts against losses arising from market conditions.

**Investment Strategy**

EFA's investment strategies generally incorporate the following methodologies:

*Core Markets:* Core Markets provide exposure to growth in domestic and global economies mainly in stocks and bonds. The performance of this strategy is expected to rise and fall with the markets.

*Tactical Strategies:* Tactical Strategies provide supplemental returns through active equity management. These may include taking advantage of alpha opportunities and limiting participation in large extended drawdowns. Tactical strategies seek excess returns relative to the broad market while limiting losses in extended downturns, which may result in lagging returns in sudden market rebounds.

*Diversifying Strategies:* Diversifying Strategies help manage equity risk, particularly during times of steep market declines. Equity alternatives manage equity risk and include trend-following managed futures taking long and short positions that work to provide market-crisis alpha. Bonds and bond alternatives manage equity risk with low return impact and low volatility resulting in a low variance of returns.

**Asset Allocation:** Asset allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk.

**Dollar-Cost Averaging:** Dollar-cost averaging is the technique of buying a fixed dollar amount of securities at regularly scheduled intervals, regardless of the price per share. This will gradually, over time, decrease the average share price of the security. Dollar-cost averaging lessens the risk of investing a large amount in a single investment at the wrong time.

### **Methods of Analysis**

Econologics Financial Advisors utilizes a variety of methods and strategies to guide allocation recommendations. The methods of analysis include fundamental research/analysis, technical analysis, and cyclical analysis. These methods are also used by the Portfolio Managers in evaluating specific investments.

**Fundamental Analysis:** This method of analysis examines a company at a basic or fundamental financial level. It considers its financials and operations (especially sales, earnings, growth potential, profitability, competitive strengths and weaknesses, assets, debt, management, etc.) in order to determine the company's financial health. Fundamental analysis takes into consideration only those variables that are directly related to the company itself, rather than the overall state of the market or technical analysis data.

**Technical Analysis:** In contrast to fundamental analysis, this method of evaluating securities analyzes market activity, such as past prices and volume, in order to forecast market direction. Technical analysis utilizes price patterns, charts, and other tools to identify trends that can suggest future market behavior.

**Cyclical Analysis:** This analysis takes into consideration economic cycles in order to predict how various sectors of the market will perform. For example, in periods of slow economic activity, stocks in consumer staples such as food and household products may be appropriate. As the economy moves into a period of recovery and people resume spending, consumer discretionary stocks such as retailers or automakers may become more attractive.

**Risk Spectrum:** EFA has developed a proprietary risk spectrum analysis for use in determining the appropriate investment allocation consistent with the IPS. Generally, the investments are classified as:

- Speculative assets: higher risk and higher return potential;
- Investment class assets: for preservation of principal and moderate return; and
- Liquid/Savings assets: bank deposits, money market funds, etc.

The Advisor gathers and utilizes research information from a variety of sources including: *Bloomberg*, *Standard and Poor's*, *Morningstar*, and news from other financial magazines and publications. In addition to these sources, Advisors may also consult corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

EFA's Investment Committee meets formally twice a year and more frequently on an informal basis to review market conditions and determine how it may affect client's asset allocations.

Clients should be aware that there are risks associated with all types of investments, including investment in securities. Investments are not insured or guaranteed. Investing in securities involves risk of loss that clients should be prepared to bear.

Depending on the needs of individual client's EFA may recommend that all or a portion of their investment portfolio be allocated to a Portfolio Manager whose investments raise some or all of the risks described in the next section.

**Market, Security and Regulatory Risks**

Investment recommendations made by Econologics Financial Advisors often involve significant risks, which may include a complete loss of initial investment. All investment programs have certain risks that are borne by Clients which are described below.

**Market Risks**

*Competition. Availability of Investments.* Certain markets in which the Portfolio Managers may invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that the Portfolio Managers will be able to identify or successfully pursue attractive investment opportunities in such environments.

*Market Volatility.* The profitability of the portfolios substantially depends upon the Portfolio Managers correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The Portfolio Managers cannot guarantee that they will be successful in accurately predicting price and interest rate movements.

*The Portfolio Managers' Investment Activities.* The Portfolio Managers' investment activities may involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Portfolio Managers. Such factors include a wide range of economic, political, competitive, technological and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. The securities markets may be volatile, which may adversely affect the ability to realize profits.

*Alternative Investment Risks.* "Alternative investments" generally refers to investments that are not standard publicly traded debt and equity securities, and which may create the possibility of returns that are not correlated with the public markets. They may not be subject to the same regulatory scrutiny as other investments. These investments may take many different forms and differ widely in their terms and risk profiles. In many cases, they are privately offered funds which can pursue investment strategies that are riskier than what are allowed in mutual funds or ETFs. They may have high investment minimums, place limits on the rights of investors to withdraw their investment, charge higher management fees as well as performance fees, may substantially leverage the fund's portfolio, hold highly concentrated positions, and may be invested in illiquid securities. Information about a specific alternative investment, including its investment strategy and risks, is provided to prospective investors in a confidential private placement memorandum.

*Material Non-Public Information.* By reason of their responsibilities in connection with other activities of the Portfolio Manager and/or its principals or employees, certain principals or employees of a Portfolio Manager

and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Portfolio Manager will not be free to act upon any such information. Due to these restrictions, the Portfolio Manager may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

*Accuracy of Public Information.* Portfolio Managers select investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Portfolio Managers by the issuers or through sources other than the issuers. Although a Portfolio Manager evaluates all such information and data and sometimes seeks independent corroboration when it is considered appropriate and reasonably available, the Portfolio Manager is not in a position to confirm the completeness, genuineness, or accuracy of such information and data. In some cases, complete and accurate information is not available.

*Leverage.* When deemed appropriate, EFA may recommend a Portfolio Manager that employs leverage, whether directly through the use of borrowed funds, or indirectly through investment in certain types of financial instruments with inherent leverage, such as puts, calls, and warrants, which may be purchased for a fraction of

the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss.

*Options and Other Derivative Instruments.* The Portfolio Managers may invest, from time to time, in the buying and selling of puts and calls on some securities or financial indices. The prices of options are highly volatile and depend on the values of the securities, indexes, currencies, or other instruments underlying them. Price movements of options are also influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies.

*Commodity Risk.* A Portfolio manager may invest a portion of the account in ETFs or mutual funds that invest directly in commodities, e.g., precious metals or oil and gas. Such investments tend to be more volatile than more standard investment types. The use of leverage in connection with such investments could create a risk of substantial losses.

*Hedging Transactions.* Portfolio Managers may establish hedges for portfolio positions depending on a client's risk tolerance and overall investment objectives. Any hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase.

*Market or Interest Rate Risk.* The price of most fixed income securities moves in the opposite direction of the change in interest rates. For example, as interest rates rise, the price of fixed income securities falls. If the account holds a fixed income security to maturity, the change in its price before maturity may have little impact on the account's performance; however, if the Portfolio Manager has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to the account.

*Inflation Risk.* Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Portfolio Manager purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation-linked bonds, adjustable bonds or floating rate bonds, the account is exposed to inflation risk because the interest rate that the issuer promises to make is fixed for the life of the security.

*Non-U.S. Investments.* Investing in the financial instruments of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in financial

instruments of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets, and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the client's investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, the Portfolio Manager may be unable to structure transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce the client's rights in such markets. For example, financial instruments traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC

or the securities laws and regulations of the U.S. Accordingly, the protections accorded to the client under such laws and regulations are unavailable for transactions on foreign exchanges and with foreign counterparties.

*Risk of Default or Bankruptcy of Third Parties.* A Portfolio Manager may engage in transactions in financial instruments and other assets that involve counterparties. Under certain conditions, the account could suffer losses if a counterparty to a transaction were to default or if the market for certain securities or other financial instruments and/or other assets were to become illiquid.

*Short Selling.* Short selling may be employed opportunistically as a part of a client's investment strategy. Short positions will involve both hedging situations, where the position is intended to wholly or partially offset another position in a related security, and speculative situations, where the Portfolio Manager believes the security sold short is likely to decline in price.

*Trading Expense.* If EFA were to select an investment strategy with significantly higher portfolio turnover, the higher trading costs could reduce portfolio returns.

### **Regulatory Risks**

*Strategy Restrictions.* Certain clients (e.g., ERISA clients) may be restricted from directly utilizing investment strategies of the type in which the Portfolio Manager may engage, or may restrict the Portfolio Manager from utilizing them, e.g., the use of leverage. Clients which may be so restricted should consult their own advisors, counsel, and accountants to determine what restrictions may apply or may be appropriate.

*Trading Limitations.* For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the account to loss. Also, such a suspension could render it impossible for the Portfolio Manager to liquidate positions and thereby expose the Account to potential losses.

### **Security Specific Risks**

*Liquidity.* Liquidity is the ability to readily convert an investment into cash. Securities where there is a ready market that is traded through an exchange are generally more liquid. Securities traded over the counter or that do not have a ready market or are thinly traded are less liquid and may face material discounts in price level in a liquidation situation.

*Currency.* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

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

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material in the evaluation of Econologics Financial Advisors or the integrity of the firm's management. EFA along with its principal owners and employees have not been disciplined by any governing authority, including any regulatory agency, CFP Board of Standards, or any industry association of which they are licensed and/or are members within the required reporting period.

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

*Insurance Company Activities and Affiliations:* In addition to investment advisory activities, EFA is also a licensed insurance agency, and EFA's supervised persons are licensed as resident life, health and annuity insurance agents in Florida and as non-resident agents in certain other states. EFA receives a commission for the sale of these products, and supervised persons' compensation may reflect their success in insurance sales.

Consistent with the long-term objectives of clients, an EFA investment advisor representative may recommend that clients invest a portion of their investible assets in fixed index annuities or index universal life insurance. These are insurance contracts which pay interest based on the performance of an external index, with the

principal investment guaranteed by the insurance company. At the time that such a recommendation is made, the EFA investment advisor delivers to the client a disclosure document which states that while the recommendation is made pursuant to the EFA investment advisor's fiduciary duty, there is a conflict of interest because he or she is also a licensed insurance agent and will receive a commission for any sales to the client.

*AssetMark Platform:* From time to time, Assetmark may reimburse EFA for certain expenses associated with marketing EFA's business. Assetmark is under no obligation to provide these funds, and the payments are entirely in Assetmark's sole discretion.

*Insurance Carriers:* Some insurance carriers whose products EFA offers may award bonuses for agent production or reimbursement of certain expenses associated with marketing EFA's business. These insurance carriers are under no obligation to provide these funds, and the continuation of the bonuses or payments for reimbursement of EFA marketing expenses is at the carrier's sole discretion.

*Econologics Institute, LLC:* An affiliated company, Econologics Institute, LLC ("EI"), offers an online course, "Financial Beast Training for Owners." EI also publishes educational materials which are offered directly on the web; EFA clients receive a discount. Purchasers of the online course are a source of new client leads for EFA.

*Econologics Tax Solutions, LLC:* An affiliated company, Econologics Tax Solutions, LLC ("ETS"), evaluates whether clients may potentially benefit from certain tax strategies offered by third-party consultants. If the clients wish to follow up, ETS may assist them with gathering the relevant data. ETS shares in the compensation received by the tax consultant. Clients engage their own legal and tax specialists to effect the strategies.

*Referral to Third Party Professionals:* EFA may advise clients of the need to engage outside specialized professionals (e.g., attorneys, accountants, consultants). In some cases, EFA has a promotional relationship with specialized service providers whereby they are compensated for referrals. Clients are advised at the time the referral is made that EFA will be compensated for the referral. Clients are also advised that while EFA believes that the referred professional is qualified and competent, EFA takes no responsibility for the clients' satisfaction with their services.

Except as described above, EFA does not receive any compensation from any professionals whom it recommends to clients, does not pay referral fees to such professionals for referrals to EFA, and has no agreements, formal or informal to reciprocate in any manner for past referrals. Nevertheless, the possibility of a cross-referral could give EFA an incentive to recommend specific professionals.

Since EFA endeavors at all times to put the interest of its clients first as part of its fiduciary duty as a registered investment advisor, EFA takes the following steps to address these conflicts:

- EFA discloses to clients the existence of all material conflicts of interest.
- EFA ensures that each client's investment objective, risk tolerance, etc. are codified in an Investment Policy Statement ("IPS").
- Management conducts regular reviews of client accounts to verify that all allocations are in-line with the client IPS and consistent with client objectives.

Neither EFA nor its principal owners are registered or have an application pending to register as a broker-dealer or registered representative of a broker-dealer.

Neither EFA nor its principal owners are registered or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Except as described below in “Item 14: Client Referrals and Other Compensation”, Econologics Financial Advisors does not have any material business relationships with other investment advisors that it may recommend or select for clients.

### **Item 11: Code of Ethics, Participation in Client Transactions and Personal Trading**

EFA strives to observe the highest industry standards of conduct based on its obligation as a fiduciary to its clients. In an effort to meet this obligation, EFA has adopted a written Code of Ethics (the “Code”) that is applicable to all employees. Each employee is provided a copy, and is required to acknowledge, in writing, that they have received, read, understand and will abide by, the Code and the EFA’s Compliance.

The Code requires that employees act in the client’s best interests and comply with applicable laws and regulations. Employees are expected to avoid any action that is, or could even appear to be, legally or ethically improper. The principles outlined in the Code apply to all conduct, whether or not the conduct is also covered by more specific standards or procedures set forth in the Code, Compliance Manual, or elsewhere. Employees are required to bring any violations, actual or suspected, of the Code immediately to the attention of EFA’s Chief Compliance Officer (“CCO”). Failure to comply with the Code may result in disciplinary action or other sanctions including termination of employment.

The Code also places certain restrictions on the personal trading activities of employees and their immediate family members. Employees may generally engage in personal trading only by obtaining prior approval and subject to pre-clearance by the Chief Compliance Officer. However, employees may purchase and sell open-end mutual funds and any other securities not specifically prohibited by the Code without pre-clearance. Employees are required to disclose their personal securities holdings annually and personal securities transactions quarterly to the Chief Compliance Officer. Employees may also participate in limited offerings such as hedge funds, private equity funds, or other types of private offerings, subject to pre-clearance procedures.

EFA, its employees or affiliates (collectively “Related Persons”), may have an investment in the funds utilized in client accounts. As a result, Related Persons may have an interest in an investment that may also be recommended to clients.

A copy of the Code of Ethics shall be provided to any client or prospective client upon request. Material components of the Code, in summary form, include:

*Standard of Business Conduct.* It is the responsibility of all employees to ensure that the Advisor conducts its business with the highest level of ethical standards and in keeping with its fiduciary duties. Employees have a duty to place the interest of the clients first, and to refrain from having outside interests that conflict with the interests of its client(s).

*Prohibited Conduct.* The Advisor’s employees must avoid any circumstances that might adversely affect or appear to affect their duty of complete loyalty to clients.

*Privacy of Client Information.* All information relating to clients’ portfolios and activities, and proposed recommendations is strictly confidential. Consideration of a particular purchase or sale may not be disclosed, except to authorized persons.

*Personal Securities Transactions.* All employees shall comply with the Advisor’s personal account trading policy.



**Conflicts of Interest.** Employees may not use any confidential information or otherwise take inappropriate advantage of their positions for the purpose of furthering any private interest or as a means of making any personal gain. Employees and their immediate families may not accept any benefit from clients or any person who does business with the Advisor, other than business courtesies and non-cash gifts of nominal value.

**Service as a Director.** No employee may serve as a director of a publicly held company without prior approval by the Chief Compliance Officer based upon a determination that service as a director would not be adverse to the interest of clients.

**Reporting of Violations.** Employees are required to promptly report all actual or potential conflicts of interest, violations of any government or regulatory law, rule or regulation, or violations of the Advisor's policies and procedures.

**Training.** Formal ethics training for all employees will occur on a periodic basis.

**Review and Enforcement.** The CCO is responsible for ensuring adequate supervision over the activities of all persons who act on the Advisor's behalf in order to prevent and detect violations of the Code by such persons.

**Participation or Interest in Client Transactions and Personal Securities Trading.** All employees shall comply with the procedures governing personal securities transactions set forth in the Code. Such procedures are designed, among other matters, to assist the CCO in avoiding potential conflicts of interests and detecting and preventing abusive trading practices such as "scalping" or "front running" and to highlight potentially abusive "soft dollar/client commission" or brokerage arrangements. Strict compliance with the Advisor's personal trading policy is essential to the Advisor and its reputation. Any violation of the Advisor's personal trading policy can be grounds for immediate dismissal by the Advisor of any employee. Every employee of the Advisor is expected to be familiar with the personal trading policy and the procedures contained therein. These matters can be reviewed with the CCO at any time.

The CCO shall maintain current and accurate records of all personal securities transactions in which employees have a direct or indirect beneficial interest. The following restrictions shall apply to securities transaction(s) by employees of the Advisor and their related persons:

**Restricted Securities.** The Advisor shall maintain a restricted list of securities for which no trading by employees is allowed, e.g., because the Advisor may have material non-public information.

**Black-Out Period.** No employee will be permitted to purchase or sell a security within a specified number of days before or after clients buy or sell the same or related security. In no event may any employee execute a personal transaction in a security on any day during which there is pending for clients any order in the same security until the order is filled or withdrawn.

**Disclosure to CCO.** Each analyst or trader is required to promptly disclose to the CCO any security under active consideration for purchase or sale.

**Initial Report.** An employee shall, no later than 10 days after the employee begins its relationship with the Advisor, provide the Advisor with brokerage account statements, which are as of a date that is within 45 days of the date the employee submits them to the Advisor, and complete and submit a list of brokerage accounts.

**Quarterly Reports.** On a quarterly basis all employees shall submit to the CCO a personal securities transaction report.

*Annual Report.* Following the completion of each calendar year, employees must resubmit a list of personal brokerage accounts.

*Record-Keeping Requirements.* The CCO shall establish a form to record personal securities transactions.

### **Item 12: Brokerage Practices**

Generally, in order to receive Investment Advisory services from EFA the client must establish custody and trading accounts at AssetMark Trust Company. EFA has selected this firm on the basis of the following factors: competitive commission rates and other charges, the quality of their trading platforms and on-line services for account administration and support, their general reputation and EFA's positive past experience with them, their trading capabilities and investment inventory; and their stable financial condition.

In addition, EFA has established a relationship with Fidelity Investments in order to provide access to alternative investments for qualified clients. Clients for whom EFA recommends an alternative investment will open a custody account with Fidelity, which will provide custody and recordkeeping services in connection with these investments.

When appropriate, EFA may offer limited assistance to clients in opening accounts or effecting the transfer of assets into the accounts, e.g., by facilitating telephone conversations between the client and the third-party custodians and being available to respond to inquiries.

EFA has no "soft-dollar" arrangements or other arrangements which require EFA to direct transactions to the brokerage firm in exchange for receipt of certain benefits. EFA does receive products and services from which are made available generally to investment advisors who utilize the platform, (and which are not available to retail clients), including receipt of duplicate client statements and confirmations; access to a dedicated trading desk; the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for order entry and account information; access to mutual funds with no transaction fees; and access to certain institutional money managers. EFA also receives unsolicited research reports and other educational materials and tools.

EFA currently has no other business relationship with this firm or other broker-dealer firms.

In directing clients, EFA is mindful of its duty to select firms that are likely to provide "best execution" for client transactions. Best execution does not necessarily mean the lowest commission but the best overall qualitative execution in the particular circumstances. EFA periodically re-evaluates the brokerage firm to assure that it is meeting or exceeding EFA's criteria in comparison to competing firms.

### **Item 13: Review of Accounts**

Clients are reminded to advise EFA of any changes in their financial circumstances, plans, or objectives. However, it is ultimately the clients' responsibility to communicate such changes to EFA so that the appropriate planning adjustments can be made.

*Roadmap /Annual Roadmap Renovation:* Clients participating in EFA's Ongoing Advisory Service will have received a financial plan designed by an investment advisor representative, who works closely with the clients to be sure the action points identified in the financial plan have been or are being properly executed. Once the action points have been completed, the financial plan will be reviewed at least annually as long as the client continues the Ongoing Advisory Service. Material changes in a client's lifestyle choices, personal circumstances, the general economy, or tax law changes can trigger more frequent reviews.

*Portfolio Monitoring and Investment Advisory Reviews:* The investment advisor representative assigned to a client's account will regularly monitor and evaluate the performance of the Portfolio Manager(s) managing the

account. The investment advisor representative will also make recommendations regarding the account and the Portfolio managers based on any changes in the client's investment objectives, risk tolerance or other relevant factors. The performance of each account is addressed at length with each client on an annual basis and as needed.

*Reports:* Clients receive, at least quarterly, statements from the custodian where their account is held, which summarize the specific investments held, the value of the portfolio, and account transactions. Clients are encouraged to review each statement carefully.

Again, clients are reminded to review their account statements in detail for a full understanding of the services rendered and the associated costs therein. Questions regarding such documentation may be addressed directly to the Chief Compliance Officer.

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

Note: Compensation received by EFA from other business activities and from promotional relationships with professional firms are more fully described in Item 10, "Other Financial Industry Activities & Affiliations."

*Compensation from Insurance Sales:* As previously mentioned, all of EFA's supervised persons are commissioned insurance agents (See "Insurance Company Activities & Affiliations" in Item 10 for more information.). This creates a conflict of interest for supervised persons between their duty to act in the best interest of clients and their incentive to recommend products in which they will receive a commission.

*Payment of Referral Compensation:* EFA does not provide cash compensation to individuals or firms for client referrals.

#### **Item 15: Custody**

*SEC "Custody":* Except in the limited instances described below, EFA does not have custody of clients' assets.

In the view of the SEC, investment advisers are deemed to have "custody" of client funds if they have the ability to directly debit advisory fees from client accounts. Because EFA has authorization to directly debit the client's account(s) for payment of advisory fees EFA is said to exercise limited custody over client assets. EFA is responsible for assuring that the account's independent, qualified custodian will provide account statements directly to clients at least quarterly, as described below.

*Custodian Account Statements:* The qualified custodians which hold client assets will provide account statements directly to clients at their address of record at least quarterly. The statement will indicate all amounts disbursed from the account including the amount of management fees paid directly to EFA. Clients are encouraged to carefully review the statements provided by their custodians. All platform fees and EFA advisory fees are paid out by AssetMark from the client's account.

#### **Item 16: Investment Discretion**

EFA maintains discretionary authority over the investment portfolios in clients' Investment Advisory accounts. This means that investment decisions consistent with the Client's IPS may be effected without the client's approval.

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

As a matter of firm policy and practice, EFA does not have authority to and does not vote proxies on behalf of advisory clients. EFA does not vote proxies that are solicited for securities held in clients' accounts. In addition,

for those clients that hold pooled investment vehicle interests such as mutual fund shares, EFA will not accept proxy voting authority or responsibility. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients should expect to receive proxy materials directly from the custodian. Any proxy materials delivered to EFA will be immediately forwarded to the client.

### **Item 18: Financial Information**

Registered Investment Advisers are required to provide certain financial information or disclosures about their financial condition.

*Balance Sheet:* A balance sheet is not required to be provided because EFA does not serve as a qualified custodian and does not require prepayment of fees of more than \$1,200 and six months or more in advance.

*Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients:* EFA does not have any financial impairment that will preclude it from meeting contractual commitments to clients.

*Bankruptcy Petition during the Past Ten Years:* Not applicable to Econologics Financial Advisors or its principal owners.

### **Miscellaneous**

*Privacy:* EFA prohibits the disclosure of any client-related non-public personal information as collected by the firm throughout the client/firm relationship. However, EFA may make limited disclosure of such information as authorized by the client, as required to service their account or as otherwise provided by law. A copy of the EFA's Privacy Policy will be provided to each client upon inception of the relationship and annually thereafter.

*Business Continuity:* EFA has developed a plan to expedite the resumption of business in the event of a major disruption. Among other matters, the plan details how clients may access their accounts in the event of an emergency. A copy of the Business Continuity Plan is available for review by request.