



# COORDINATED CAPITAL SECURITIES, INC.

ITEM 1 – COVER PAGE

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## **Part 2A of Form ADV: Firm Brochure**

This Disclosure Brochure provides information about the qualifications and business practices of Coordinated Capital Securities, Inc. (“CCS”). If you have any questions about the contents of this disclosure brochure, please contact us at (608) 221-4545.

The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Any reference in this Brochure to “registered investment adviser” or “registered” does not imply a certain level of skill and training. Additional information about CCS, including a copy of its Form ADV Part 1 (CRD No. 14762), is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**Date of this Brochure:** June 30, 2020

## ITEM 2 – MATERIAL CHANGES TO BROCHURE SINCE LAST ANNUAL UPDATE

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**Date of Last Annual Update:** June 13, 2019

**Date of this Brochure:** June 30, 2020

This section describes material changes to Part 2A of our Form ADV (hereafter “disclosure brochure”) since our last annual update amendment. In lieu of providing you with an updated disclosure brochure each year, we typically provide our existing advisory Clients with a summary describing any material changes occurring since our last annual update. In such instances, we will make this delivery to you within 120 days of the close of our fiscal year, which ends March 31<sup>st</sup>. Clients wishing to receive a complete copy of the then-current Part 2A Firm Brochure may request a copy at no charge by contacting us at (800)783-6666. Our current disclosure brochure is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or upon request through your Financial Adviser.

There are no material changes to our Form ADV Part 2A Disclosure Brochure since the annual amendment of our Form ADV on June 13, 2019.

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## **ITEM 4 - ADVISORY SERVICES**

Coordinated Capital Securities, Inc. (hereinafter "CCS") is a Wisconsin corporation located in Madison, Wisconsin. CCS is a securities broker-dealer registered under the Securities Exchange Act of 1934, a member of the Financial Industry Regulatory Authority (FINRA) and a Registered Investment Adviser registered with the Securities and Exchange Commission. CCS is wholly-owned by Coordinated Capital Holdings, Inc., a holding company. Coordinated Capital Holdings, Inc. is owned by Mari J. Buechner. CCS has been registered as an investment adviser since 1988. Individuals who are appropriately licensed, qualified or approved as investment adviser representatives with us will be authorized to provide investment advisory services for us. CCS investment adviser representatives (hereafter "Financial Adviser") may only provide services and charge fees based on the descriptions detailed in this document. Financial Advisers are instructed to consider your individual needs when recommending an advisory program account or service.

CCS Financial Adviser's and their branch offices may use marketing names or other names that are held out to the public. Such names are known as "doing business as" or "dba" names. The purpose for using these other names is so that the Financial Adviser can create an identifiable brand that is specific to him or her personally or to their branch office but separate from CCS. While we allow our Financial Adviser's to use other names, they have been instructed to disclose on advertising and client correspondence that their advisory services and securities are offered through CCS.

### **FEE-BASED ACCOUNTS VERSUS COMMISSION-BASED ACCOUNTS**

It is important to understand the differences between fee-based and commission-based services.

- In a fee-based or advisory relationship, you generally pay a fee that is a percentage of the account's value, or a fixed fee per service, for personalized advice and guidance instead of a commission for each trade. Fee-based services may include portfolio construction, investment recommendations, ongoing advice and/or financial planning tailored to your unique goals and timelines. Fee-based services align the performance of your account with your Financial Adviser's compensation.
- In a commission-based or brokerage relationship, you pay a commission, and in some cases a trailing commission (12b-1), for each transaction. The amount of that commission varies depending on the security or investment product. The charges for each product are described in the prospectus or other offering documents. Commission-based services require your consent for each transaction.

Factors which affect the total cost include account size, amount of turnover, type and quantities of securities purchased or sold, commission rates and your tax situation. You should discuss the advantages and disadvantages of fee-based and commission-based accounts with your Financial Adviser prior to opening an advisory program account and periodically after your account is opened. The way you work together with your Financial Adviser may change over time as your financial needs and goals change. It is important to notify your Financial Adviser of any changes to your financial situation, investment objectives or risk tolerance so he or she can advise you appropriately.

Conflict of Interest - CCS and your Financial Adviser may receive higher compensation for fee-based advisory accounts over time as compared to commission-based non-advisory accounts. A conflict exists if a recommendation is made to establish or convert a commission-based account to an advisory account that may not be appropriate based on anticipated trading activity and the need for ongoing monitoring and advice. To mitigate this conflict, we will explain the advantages and disadvantages of a fee-based advisory account versus a commission-based account prior to opening the account.

### **WRAP-FEE PROGRAMS VERSUS TRADITIONAL ADVISORY PROGRAMS**

CCS offers investment management and consulting services through traditional and wrap-fee programs. Our wrap-fee programs are managed similarly to our traditional programs but differ in fee structure. A wrap-fee program is an advisory fee program under which you pay one bundled fee to compensate CCS and your Financial Adviser for portfolio management and trade execution. A traditional program is an advisory program under which you pay transaction costs in addition to an investment advisory fee. A wrap-fee program may not be the lowest cost option if you would like to restrict your investments to open-end mutual funds or other long-term investment products. For additional information on our wrap-fee programs, please refer to our Appendix 1 of Form ADV Part 2A, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or you may request a copy from CCS or your Financial Adviser.

## **TYPES OF SERVICES OFFERED**

Our investment advice can include investment supervisory services, which we define as giving you continuous advice or making investments for you based on your individual goals. We also offer a range of services that do not involve providing continuous advice to you, such as investment consulting, financial planning and retirement plan services.

### **FINANCIAL PLANNING AND CONSULTATION**

For clients needing financial advice involving analysis of a particular investment, overall holdings, or a short or long-term financial situation, CCS and its Financial Advisers provide financial planning and consulting services to meet the client's financial objectives and needs. Financial planning and consulting service advice is based on information provided by the client. As CCS advisory services are provided, it is the client's responsibility to be certain that CCS has current and accurate information. Our financial planning services usually include, but are not limited to, an analysis of client's existing assets, investment objectives, insurance, investments, cash flows, risk management, retirement projections, estate or business plans, savings plans, or other special objectives. The scope of the financial plan is as broad or detailed as the client reasonably specifies. Our consulting services include, but are not limited to, investment advice regarding retirement, education or estate planning, or the modification of an existing financial plan. For a client requesting advice on only a portion of their financial plan or regarding a limited project, Financial Advisers will provide consulting services limited to the client's request. A written report may be generated based on the scope of the plan and Client's objectives. CCS does not guarantee the results of recommendations made and losses can occur from following our advice. The decision to accept any recommendation or advice provided by CCS and its Financial Advisers, and all decisions regarding implementation thereof, are left to the Client.

### **INVESTMENT CONSULTING AND INVESTMENT MANAGEMENT SERVICES**

**Investment Consulting Services:** We offer investment consulting services on an hourly or fixed-fee rate. We also offer asset-based investment consulting services that include quarterly account reviews and additional services to meet your financial objectives and needs. Asset-based consulting services begin by your Financial Adviser assisting you in determining your investment objectives and then a portfolio is established. The Financial Adviser then manages your investments in a manner consistent with your stated objectives. Our asset-based investment consulting advisory program is non-discretionary. This means CCS and your Financial Adviser will be required to contact you prior to implementing trades or changes in your account. You will be contacted and required to accept or reject our investment recommendations including the security being recommended, the number of shares or units and when to buy or sell. You should be advised that if CCS or your Financial Adviser is unable to reach you, or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and CCS may not achieve the optimal trading price. Investment consulting services are provided under the Investment Consulting Agreement (hereafter "ICA").

**Investment Management Services:** Our asset-based investment management advisory program provides clients with continuous and ongoing supervision over Client accounts ("Account"). This means that your Financial Adviser continuously monitors (i.e. conduct account reviews more than quarterly) your Account and make trades in the Account when necessary. The fee for this service is asset-based and this service is not offered on an hourly or fixed-fee rate. Continuous management services are provided under the Continuous Investment Management Agreement (hereafter CIM). Continuous management services are provided on either a discretionary or non-discretionary basis. Written trading authority must be memorialized as discretionary or non-discretionary in the CIM. Investment management services begin by your Financial Adviser assisting you in determining your investment objectives and restrictions. A portfolio is then established. The Financial Adviser then manages your investments in a manner consistent with your stated objectives.

Our advisory services are always provided based on the individual needs of each individual client. Account recommendations are determined based upon your investment time horizon, liquidity needs, prior investment experience, financial situation, stated investment objectives (i.e. income, growth, growth and income, trading and speculation) and your disclosed risk tolerance (conservative, moderate or aggressive). It is important that you contact CCS or your Financial Adviser when your financial situation changes, your investment objectives have changed, or if you want to impose and/or modify any reasonable restrictions on the management of the advisory account program.

## **ASSETS UNDER MANAGEMENT**

As of the date of this Brochure, CCS has assets of \$134,467,995 on a discretionary basis and \$44,389,889 managed on a non-discretionary basis.

## **RETIREMENT ACCOUNT ADVISORY SERVICES**

### **INDIVIDUAL RETIREMENT PLAN (IRA)**

Advisory services may be provided to clients opening an Individual Retirement Account (IRA) or rolling over existing retirement assets held in an IRA or a qualified retirement plan (QRP) to an IRA account with CCS. You should be aware that there are costs associated with opening a new IRA account with CCS including one-time set up fees, annual custodian fees as well as investment costs for the investments held in your IRA. These costs over time may be more or less than costs associated with leaving your retirement assets in your existing IRA or QRP. No client is under any obligation to rollover an existing IRA or QRP assets to a retirement account managed by CCS.

### **QUALIFIED RETIREMENT PLAN (QRP)**

CCS and its Financial Advisers can provide retirement plan consulting services designed to assist Plan Sponsors and/or Trustees with plan design, selection of suitable investments, periodic monitoring of those investments, and general education to plan participants. The retirement plan consulting services are provided under the Retirement Plan Consulting Agreement (hereafter RPCA). The following non-discretionary investment advisory services may be provided by CCS acting as a fiduciary within the meaning of section 3(21) (B) (ii) of ERISA (Employee Retirement Income Security Act of 1974), if the Plan is subject to ERISA.

- Advise, if necessary, Plan Sponsors and/or Trustees about the need for a written investment policy statement.
- Advise Plan Sponsors and/or Trustees of appropriate investment categories for client's retirement plan.
- Advise Plan Sponsors and/or Trustees of mutual funds and annuities which are consistent with investment categories selected by Plan Sponsors.
- Periodically monitor performance of the mutual fund and annuities choices of the Plan Sponsors and/or Trustees and provide periodic advice regarding possible changes to the investment categories, mutual fund and annuity selections.
- Meet with Plan Sponsors and/or Trustees to review plan account(s) and to discuss investment performance.
- Arrange for mutual fund and annuity prospectuses to be available to retirement and annuity plan participants.
- Provide Plan Sponsors and/or Trustees with a quarterly report regarding performance (quarter, year, three-year, five-year) for each mutual fund and/or group annuity selected by plan Sponsors; performance of comparative benchmarks; and value of assets in plan.

The following Plan Participant Non-Fiduciary investment education services may be provided by CCS:

- Providing group enrollment and investment education meetings.
- Providing fee specific education and communicate the Plan's requirements for requesting additional information about plan fees and expenses.
- Supporting individual participant questions.
- Providing periodic updates, upon request or through newsletter.
- Assisting participants with retirement readiness

Financial Advisers may recommend an investor rollover plan asset to another QRP or IRA account held at CCS. You should be aware that rolling over retirement assets to an IRA or QRP account with CCS is just one of multiple options for your retirement assets. You should review and consider with your Financial Adviser the advantages and disadvantages of rolling your retirement plan assets to an IRA or new QRP account with CCS versus other options available to you. These options include:

- leaving the assets in your former employer's plan (if applicable and allowed);
- move assets into a new or existing plan (should one be available and if allowed); or
- cash out or take a lump sum distribution.

Your Financial Adviser will provide you with a comparison of factors to consider before making your decision to rollover retirement assets including:

- fees and expenses, services offered and investment options;
- when penalty free withdrawals are available;
- when required minimum distributions begin;
- treatment of employer stock, and
- protection of assets from creditors and bankruptcy.

Conflict of Interest: A conflict of interest exists when your Financial Adviser recommends you rollover your IRA or QRP to an account with CCS in that CCS and your Financial Adviser will be compensated if you make the change and would not be compensated if you did not. To mitigate this conflict, your Financial Adviser will explain the various options available to you for your retirement assets before opening your Account with our firm.

### **THIRD PARTY MANAGER SERVICES**

CCS provides advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisers. CCS refers clients to such third-party managers in return for a portion of the advisory fee paid by the client. Third-party managers are responsible for continuously monitoring client accounts. Depending on the program selected by the client, the third-party manager may or may not have discretionary power to purchase or sell investments in the client's account. The programs offered by third-party managers may not be available to all clients because of account minimums, client objectives and manager restrictions. CCS' third-party manager advisory services include assisting a client in selecting the third-party investment adviser whose investment style and strategy suits the client's individual needs and financial objectives. With most programs, CCS' role is usually limited to making the referral and monitoring the performance of the third-party manager. CCS Financial Advisers are available to Clients to discuss the selected manager's performance. CCS does not guarantee the performance of any third-party manager; thus, losses can occur from following any recommendation from CCS, its Financial Advisers or third-party managers. For specific details regarding the third-party manager program, service or fees please review the third-party manager's Form ADV Part 2A brochure.

### **ITEM 5 – FEES AND COMPENSATION**

The fees associated with the advisory program you select will be described in Schedule A of your advisory program Agreement. You should read this disclosure brochure carefully as it explains, in detail, our advisory program services and fees. The table below summarizes advisory program fees.

<b>CCS ADVISORY SERVICE OR PROGRAM</b>	<b>HOURLY</b>	<b>FIXED-FEE</b>	<b>ASSET-BASED FEES</b>
Financial Planning	\$50 - \$250/HR	\$500 - \$50,000	N/A
Investment Consulting	\$50 - \$250/HR	\$500 - \$50,000	N/A
Asset-Based Investment Consulting	N/A	N/A	MAXIMUM 1.50%
Asset-Based Investment Management	N/A	N/A	MAXIMUM 2.00%
Asset-Based Retirement Plan Consulting	N/A	N/A	MAXIMUM 1.25%

The amount of the fee is negotiable and will vary depending on the scope and complexity of the engagement, nature and number of investments in a client's portfolio, the experience and standard fees charged by the Financial Adviser providing the service, your geographic location and amount and nature of research required to complete the plan or service. Lower fees for comparable service may be available from other sources.

### **FINANCIAL PLANNING AND CONSULTING FEES**

Our financial planning and investment consulting services are offered on an hourly or fixed-fee basis and vary, depending upon the extent, nature and complexity of the advice requested. Hourly fees range from \$50 to \$250 per hour and fixed fees can range from \$500 to \$50,000. Fees are quoted in advance, are negotiable and in some cases, can be waived if other services are provided. For fixed-fees, one half of the estimated fee may be due upon signing of the advisory agreement with the balance due after project completion. If paying an hourly fee, any additional hourly work will be determined prior to the work being performed and agreed to by the client. You will not be charged more than \$1,200 in

fees per client, six months or more in advance. The advisory services established with us pertaining to the financial plan or consulting service concludes with your receipt of the written financial plan report or with the conclusion of the service provided. Financial plans or consulting service recommendations are not required to be implemented through CCS.

#### **ASSET-BASED INVESTMENT CONSULTING AND INVESTMENT MANAGEMENT FEES**

The asset-based fee for advisory account programs is calculated annually and is paid quarterly in advance. When an advisory program account is opened, the quarterly-adjusted annual asset-based fee is billed for the remainder of the current billing period and is based on initial account funding. Thereafter, the quarterly asset-based fee is paid in advance and is based on the account asset value as of the last business day of the previous calendar quarter. For example:

Billing Period:	January 1, 2020 – March 31, 2020
Account Value as of:	December 31, 2019 (last business day of the previous calendar quarter)
Account Value:	\$100,000
Annual Fee:	1.25%
Quarterly Fee:	<u>0.3125%</u> \$312.50

Related accounts may, at CCS' discretion, be combined for fee calculation purposes. A portion of the asset-based fee received by CCS (on average 80-90%) is paid to your Financial Adviser in accordance with their compensation agreement with CCS. No fee adjustment will be made during any fee billing period for appreciation or depreciation in value of the assets in your account during that period. CCS does not reimburse you for fees paid if a withdrawal is taken from the account during the quarter. The deposit of funds into an existing account during a quarter may incur a pro-rata fee, as agreed upon between you and your Financial Adviser.

Conflict of Interest - A conflict of interest exists in that the negotiated asset-based fee will be paid to CCS and your Financial Adviser regardless of the services provided or trading in the account, until such time as either party terminates the advisory program agreement. As a result, CCS and your Financial Adviser may have a financial incentive to recommend an advisory account over a commission-based account. To mitigate this conflict CCS discloses the asset-based fee in Schedule A of your advisory program agreement which you must acknowledge by your signature. You may also terminate your advisory program agreement with 5 days' notice if the services do not meet your advisory program account objectives in relation to the fee charged.

#### **OTHER TYPES OF FEES YOU MAY INCUR**

You may incur additional charges imposed by custodians, broker-dealers, investment companies, insurance companies and other third parties, such as account maintenance fees, surrender charges, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. Such charges and fees are exclusive of and in addition to our advisory program fee. You are responsible for payment of any and all taxes that may be due as a result of any transactions in your account.

You will be subject to standard brokerage account fees for advisory program accounts held at our clearing firm. These fees include, but are not limited to, IRA custody and termination fees, annual account fees, account transfer fees, margin interest charges and other fees and taxes on clearing firm accounts and securities transactions. In some cases, CCS retains a portion of the charge paid by you after payment to the clearing firm. The retained portion of the charge as well as other servicing fees, such as money fund rebates paid to us by our clearing firm from money market balances, provide additional compensation to CCS. For information on standard brokerage account fees for accounts held at our clearing firm go to Quick Links on the "Disclosures" tab at [www.ccsmadison.com](http://www.ccsmadison.com) and refer to the "Standard Brokerage Account Fees" link or ask your Financial Adviser.

Conflict of Interest –This additional compensation presents a conflict of interest because CCS receives a financial benefit when it provides these services for your Account. CCS does not share this compensation with your Financial Adviser, so your Financial Adviser does not have a financial incentive to recommend transactions for which these charges apply or for CCS to provide these additional services. CCS believes the account charges assessed for transactions in your advisory program Account are competitive with charges of other broker-dealers available to you. These disclosures are made so you may make an informed decision whether to open or continue to maintain an advisory program account with CCS given this conflict.

### **THIRD-PARTY MANAGER FEES**

The amount of third-party management fees varies from program to program, but usually falls between 0.50 – 2.0%. CCS and your Financial Adviser, in addition to the third-party manager, receive a portion of the wrap fee for our services. Fees will vary from client to client and may be higher than those obtainable from other third-party managers or other financial advisers providing similar services. The services, reports, fees, and contract termination provisions provided by these programs may vary. Clients are encouraged to carefully review the contracts and disclosure documents of the third-party manager and/or program sponsor whose services they are considering, including Form ADV Part 2A, so they understand fully the services being provided and fees being charged.

### **MUTUAL FUND POSITIONS IN ADVISORY PROGRAM ACCOUNTS**

In addition to advisory fees, you are responsible for paying any management and other fund-related expenses for the mutual funds in which your wrap-fee program account assets are invested. This includes redemption fees imposed by the mutual fund or custodian as a result of a transaction-related request you initiate (such as a partial or complete liquidation of your account). Decisions to reallocate your account assets may result in you incurring a redemption fee imposed by one or more mutual funds held in your account. Some mutual fund share classes charge a distribution fee pursuant to Rule 12(b)-1 under the Investment Company Act of 1940. These fees are commonly referred to as “12b-1 fees” or “trails”. 12b-1 fees we receive from the mutual funds in which your account assets are invested are credited back to your account for your benefit.

Conflict of interest - If a mutual fund offers an advisory share, and you are eligible to own it, it is often, though not always, better for you to purchase or hold the advisory share. A financial incentive does not exist for CCS or its Financial Advisers to recommend higher-cost shares over available lower-cost shares in that we have instructed our clearing firm to refund 12b-1 fee received by CCS directly to your advisory program account. The crediting of 12b-1 fees to your advisory program will alleviate the potential conflict of interest associated with CCS receiving this compensation.

CCS does not make all share classes available to advisory program accounts. Designated share classes availability will depend on share classes offered by our clearing firm or other custodial platforms, or whether the fund imposes a minimum investment amount to acquire or hold the share class. Therefore, CCS can purchase, hold, and recommend share classes in your wrap-fee program account that are not the lowest-cost share class and you should not assume that you are invested in the lowest-cost share class. The mutual fund positions in your account may include mutual fund share classes CCS and your Financial Adviser did not select, such as mutual funds transferred in from another financial institution or selected by a third-party manager. A conflict of interest exists in that mutual fund share classes purchased or held in your advisory program account may not be the lowest-cost share available. Higher-cost share classes can result in lower returns, which could impact your account performance over time. CCS will not continuously monitor mutual funds to determine if a lower-cost share is available to you. You are encouraged to periodically review share class positions in your account with your Financial Adviser to determine if your share classes remain appropriate based on your objectives.

Conflict of interest – A conflict of interest exists in that mutual fund share classes purchased or held in your advisory program account may not be the lowest-cost share available. Higher-cost share classes can result in lower returns, which could impact your account performance over time. CCS will not continuously monitor mutual funds to determine if a lower-cost share is available to you. You are encouraged to periodically review share class positions in your account with your Financial Adviser to determine if your share classes remain appropriate based on your objectives. These disclosures are made so you may make an informed decision whether to open or continue to maintain an advisory program account with CCS given this conflict.

### **SHARE CLASS CONVERSIONS**

In an effort to provide advisory clients with lowest-cost share classes in advisory program accounts, CCS will perform ongoing reviews to help identify any conversion requirements to existing mutual fund positions as well as mutual fund positions transferred in from other financial institutions. CCS will convert higher-cost share classes in your advisory program with lower-cost share classes offered by the fund company, that we identify and for which you are eligible. During the conversion, the you will see this share class exchange on your clearing firm account statement as a delivery of shares out and a receipt of shares in. The number of shares may vary due to the difference in the net asset value (NAV) of the share classes, but the aggregate investment amount is the same. There is not a cost for share class conversions. When conversions occur, you should review and update as necessary any periodic investment instructions on your account.

### **OTHER TYPES OF COMPENSATION WE RECEIVE**

Your Financial Adviser also acts as a registered representative of CCS. As a registered representative, he or she accepts compensation for the sale of securities in a non-fee-based account, including asset-based sales charges and service and distribution fees (12b-1 fees) from the sale of mutual funds. The receipt of such compensation presents a conflict of interest and gives your Financial Adviser an incentive to recommend commission-based products in addition to advisory services based on the compensation he or she will receive, rather than on your needs. CCS addresses this conflict of interest by requiring that your Financial Adviser uphold their fiduciary duty to provide investment advice that is in your best interest and disclosing the conflict to you before or at the time you enter into an investment advisory contract with our firm.

Conflict of Interest - While CCS and your Financial Adviser endeavor at all times to put the interests of clients first as a part of CCS' fiduciary duty, you should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest and can affect the judgment of CCS and your Financial Adviser when making recommendations or offering broker-dealer services through CCS. A conflict of interest also exists if CCS and your Financial Advisers can or did receive both a commission and an advisory fee on the same asset. To eliminate this conflict, clients are asked to disclose in Schedule A of the advisory program Agreement any non-billable positions in which they have paid a front-end load or commission to CCS in the previous 36 months. Non-billable assets will not be charged the investment advisory fee for one year after the advisory program account opening.

You are under no obligation to use the services of our registered representatives in this separate capacity or to use CCS and can select any broker-dealer you wish to implement securities transactions. If you select our registered representatives to implement securities transactions in their separate capacity as registered representatives, they must use CCS. Prior to effecting any such transactions, you are required to enter into a new account agreement with CCS. The commissions charged by CCS may be higher or lower than those charged by other broker-dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

### **TERMINATION OF SERVICES**

The advisory program agreement may be terminated by the client or CCS upon five (5) days advance written notice by either party to the other and termination will become effective upon receipt of such notice. Upon termination of the Agreement, any pre-paid advisory fees will be prorated, and an unearned fee will be prorated and refunded to you. At termination, you can instruct CCS to either liquidate positions in your advisory program account, transition account positions to a commission-based account with CCS or transfer the account to another financial institution. If so instructed, we will process your request in an orderly and efficient manner. You will be subject to standard brokerage

account fees for positions sold in your account or transferred to another financial institution after the termination. You should also keep in mind that the decision to liquidate positions including mutual funds may result in tax consequences that should be discussed with your tax advisor. We will not be providing advisory services and will not be monitoring or reviewing account performance after the account has terminated. If we receive liquidation instructions from you, we are not responsible for market fluctuations from termination notice until complete liquidation.

If an advisory program account is terminated and transitioned to a commission-based account with CCS, advisory share mutual fund positions may be changed, and/or your shares exchanged into shares of another mutual fund share class. Not all mutual fund share classes used in our advisory program accounts are available in a commission-based account. Eligibility is determined by the Fund company or custodian not CCS. In addition, the money market fund used in a "sweep" arrangement may be changed and/or your shares exchanged into shares of another money market fund (as not all of the money market funds used in our advisory program accounts are available in commission-based accounts). You will be subject to any standard brokerage account fees for these changes.

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#### **ITEM 6 – PERFORMANCE-BASED FEES / SIDE-BY-SIDE MANAGEMENT**

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CCS does not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains on or capital appreciation of your assets. Side-by-side management refers to the practice of managing both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee.

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#### **ITEM 7 – TYPES OF CLIENTS/MINIMUM ACCOUNT SIZE**

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CCS provides investment advice to individuals, pension and profit-sharing plans, trusts, estates or charitable organizations, corporations or other business entities. CCS does not impose any condition, such as a minimum account size, in connection with providing advisory services.

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

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*Method of Analysis:* Our Financial Advisers use various methods of analysis and investment strategies. Methods and strategies will vary based on the Financial Adviser providing advice. Models and strategies used by one Financial Adviser may be different than strategies used by another Financial Adviser. CCS may use fundamental and/or technical methodologies and may subscribe to information providers that focus on those areas. A variety of informational resources are used to perform the security analysis, such as financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports of issuers of securities, prospectuses and reports filed by issuers of securities with the U. S. Securities and Exchange Commission, company press releases and estate planning, financial planning and income tax services purchased on a subscription basis.

*Investment Strategies:* The Investment Strategies used in our advisory programs are long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading, margin transactions, covered option writing, tactical asset allocation and strategic asset allocation. The specific program and strategy that is chosen will determine the types of investments that are used (i.e. stocks, bonds, mutual funds, ETFs, etc.). CCS may recommend exchange-traded funds ("ETF"). ETF shares are bought and sold at market price, unlike mutual funds. ETFs are subject to risks similar to those of stocks. You should be aware that exchange traded funds ("ETFs") incur a separate management fee, typically 0.20%-0.40% of the fund's assets annually (although individual ETFs may have higher or lower expense ratios), which is assessed by the fund directly and not by CCS. This management fee is in addition to the ongoing advisory fee assessed by CCS and will generally be applicable for accounts that invests in ETFs.

*Risk of Loss:* In choosing any advisory services through us, you should be aware that all investments shall be at their own risk exclusively and must understand that **we do not guarantee any return** on the investments recommended or advised upon. There is no guarantee that the advisory services provided by us will result in meeting your goals and objectives. Investing involves risks, including the risk of loss of principal, and investment decisions made for your account may be subject to numerous risks, such as market, interest rate, currency, economic, political and business risks, among others. Past performance is no guarantee of future results. Because of the inherent risk of loss associated with investing, we are

unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

#### **ITEM 9 – DISCIPLINARY INFORMATION**

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An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel. No events have occurred that are applicable to this item.

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

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CCS is a broker-dealer registered with FINRA. CCS is an introducing broker dealer that introduces customer accounts and securities transactions, on a fully-disclosed basis, to First Clearing<sup>1</sup>. First Clearing provides certain custodial services for accounts fully disclosed to them from CCS including our asset-based advisory programs, and other advisory programs and platforms sponsored by First Clearing (see Appendix 1 Wrap fee Program). First Clearing is a securities broker-dealer, located at One North Jefferson Avenue, St. Louis, MO 63103.

CCS is affiliated with Coordinated Capital Consultants (CCC), an insurance general agency under common ownership with CCS. Some of our Financial Advisers are insurance agents of CCC and some Financial Advisers are independently licensed as insurance agents. In these capacities, CCS and your Financial Adviser may recommend insurance products in connection with investment advisory services. You are not obligated to purchase any insurance products through CCC or through your Financial Adviser acting in their individual capacity as an insurance agent. However, when you do purchase such products, commissions for the sale of insurance products from various, unaffiliated, insurance companies are received. Implementing and purchasing of any insurance product is solely at your discretion.

#### **ITEM 11 – CODE OF ETHICS AND INTEREST IN CLIENT TRANSACTIONS**

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To help us avoid conflicts of interest, we have developed a Code of Ethics designed to protect our professional reputation and comply with federal and other applicable securities laws. The Code of Ethics sets forth guidelines and restrictions for personal securities trading, including an absolute prohibition of trading on the basis of "inside" (material, non-public) information. Adherence to the Code of Ethics is a condition of employment or affiliation with our firm. This disclosure brochure is provided to give you a summary of our Code of Ethics. However, if you wish to review the Code of Ethics in its entirety, a copy will be provided promptly upon request by contacting us at 800-783-6666.

Your Financial Adviser may purchase or sell the same security he or she recommends to you. This creates a conflict of interest in that your Financial Adviser may receive a better price than you. Our Code of Ethics places restrictions on your Financial Adviser's personal trading activities. These restrictions include, but are not limited to, a prohibition on trading based on non-public information, pre-clearance requirements for certain transactions and a requirement that any personal securities transactions not disadvantage clients or otherwise raise fiduciary or antifraud issues.

#### **ITEM 12 – BROKERAGE TRANSACTIONS**

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##### **HANDLING OF TRADE ERRORS**

It is CCS' policy to ensure trading errors are handled and corrected in a timely manner in the best interests of the client affected by the error. Specifically, when CCS or a Financial Adviser causes a trade error to occur in a client account that results in a loss, CCS will work with the Financial Adviser and the custodian to reimburse any costs paid by the client and make whole the client transaction as it should have originally taken place/or not taken place. If the trade error results in a gain and CCS executed the transaction, CCS will keep the gain to offset future losses. The retained gain is not shared with the Financial Adviser or account owners.

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<sup>1</sup> First Clearing is a trade name used by Wells Fargo Clearing Services, LLC, Member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.

## **BEST EXECUTION**

CCS is obligated to seek best execution pursuant to its fiduciary duty as an SEC registered investment adviser for all trades executed, however better executions may be available through another broker/dealer based on a number of factors including volume, order flow and market making activity. We will exercise reasonable diligence to ensure best execution is obtained for all clients when implementing any client transaction. CCS conducts periodic trade reviews to determine the duty of best execution is being met by its trade execution and clearing firm.

## **RISK OF MARGIN**

To the extent margin is used in your advisory program account, you should be aware that the margin debit balance will not reduce the market value of eligible assets and will therefore increase the asset-based fee you are charged. The increased asset-based fee may provide an incentive for your Financial Advisor to recommend the use of margin strategies. The use of margin is not suitable for all investors, as it increases leverage in your account and therefore risk.

## **ITEM 13 – REVIEW OF ACCOUNTS**

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Clients will receive periodic account statements (not less than quarterly) from the clearing firm or other custodian. These statements generally contain a listing of account assets and values as of the closing date of the statement. The information in these reports will vary from custodian to custodian. We urge clients to carefully review these statements and compare the statements with any report CCS or your Financial Advisor may provide that compiles or consolidates investment holdings and/or performance results.

While CCS does not set a specific timeframe for account reviews, it does encourage Financial Advisers to contact their clients at least annually, or at the client's request, to discuss the client's investment portfolio and to update the client's financial and other Account information should any changes have occurred. Although not every Financial Adviser provides an annual financial review to every client, CCS encourages you to request such a review with your Financial Adviser to discuss such things as account performance, changes in your investment objectives, goals, and financial situation, tax planning, estate planning, retirement planning, the appropriateness of continuing to maintain an advisory account over other account types and any additional questions you have concerning your investment portfolio. If you receive only financial planning services, you are charged a separate fee for meetings with your financial Adviser. You should carefully read your advisory program Agreement with CCS including Schedule A to determine the amount of such fees, if any.

The Financial Adviser responsible for managing your advisory program Account will perform Account reviews. CCS will also conduct oversight account reviews for advisory program accounts as required by SEC and FINRA guidelines. Such reviews will first utilize branch managers (Registered Principals) and will be supplemented by reviews conducted by CCS compliance staff during branch office inspections. Changes in the economy, world events, news on various investments/products, among others may prompt additional reviews of any account that may be affected.

## **ITEM 14 – CLIENT REFERRAL AND OTHER COMPENSATION**

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CCS pays referral fees to other individuals for referring clients to our firm. We require these individuals to comply with applicable laws, rules and regulations related to solicitation activities, including any state rules requiring registration. Individuals with which we have a solicitor arrangement have a financial interest in referring clients to our firm and Financial Advisers and receive a percentage of the advisory fee you pay our firm. No additional fees are assessed when clients are referred to our firm. If you are introduced to our firm or one of our investment adviser representatives through a soliciting partner, you will receive a separate written disclosure document that contains important information related to the solicitor arrangement. You should review this document carefully before opening an advisory account with our firm.

## **ITEM 15 – CUSTODY**

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CCS is considered an "introducing broker-dealer". This phrase means we accept customer orders, but the orders are processed, or "cleared" through another firm (in our case our clearing firm). The clearing firm is considered custodian of our client assets. Although CCS does not act as a custodian for advisory program assets, as defined by the SEC, upon written authority from you we will authorize direct deduction of advisory program fees from your advisory program account (or other account) that you instruct and authorize to do so. This written authority is provided in in Schedule A of your advisory program Agreement.

#### **ITEM 16 – INVESTMENT DISCRETION**

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In some of its advisory program contracts, CCS is granted discretionary authority to select the securities to be bought and sold, the amount of securities to be bought and sold and the time to buy and sell. When exercising this authority, CCS and Financial Advisers can place transaction orders for discretionary advisory program accounts without contacting the client on a trade-by-trade basis for advance permission to place the orders. Clients should be aware that Financial Advisers may make different recommendations and effect different trades with respect to the same securities to different advisory clients.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

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CCS does not vote proxies or consider any other corporate actions on your behalf. We shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held by you. You retain the authority and responsibility for, and we shall be expressly precluded from rendering any advice or taking any action with respect to, the voting of any such proxies. You will receive proxies directly from the account custodian or investment transfer agent. Although we do not vote your proxies, feel free to contact your Financial Adviser if you have a question about a particular proxy.

#### **ITEM 18 – FINANCIAL INFORMATION**

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CCS does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. CCS has not been the subject of a bankruptcy petition at any time.