

## **Firm Brochure**

(Part 2A of Form ADV)



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This brochure provides information about the qualifications and business practices of Trajan Wealth, L.L.C. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 480-990-3300 or by email at: [shane@trajanwealth.com](mailto:shane@trajanwealth.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.

Additional information about Trajan Wealth, L.L.C. (IARD # 158847) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

June 12, 2020

Trajan Wealth, L.L.C.

## Item 2: Material Changes

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### Annual Update

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure. Each year, we will ensure that you receive a summary of any material changes to this and subsequent brochures by April 30<sup>th</sup>. We will further provide you with our most recent brochure at any time at your request, without charge. You may request a brochure by contacting us at (480) 214-9835 or [shane@trajanwealth.com](mailto:shane@trajanwealth.com).

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### Material Changes since the Last Update

This document should be considered materially new although you may recognize some disclosures are similar to our previous Form ADV Part 2A, dated March 28, 2018.

Since the last Annual Update dated March 12, 2019, Trajan Wealth, L.L.C., has had the following specific material changes:

- The firm has appointed a new Chief Compliance Officer, Shane McGreevy.
- The firm no longer offers a Wrap Fee Program. Please refer to ***Item 4 – Wrap Fee Programs*** for this information.

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### Full Brochure Available

This Firm Brochure being delivered is the complete brochure for the Firm.

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## Item 4: Advisory Business

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### Firm Description

Trajan Wealth, L.L.C., (“TW” or “Advisor”) is based in Scottsdale, Arizona. TW is a Registered Investment Adviser, registered with and subject to the rules and regulations of the U.S. Securities and Exchange Commission. The firm was formed as a limited liability company under the laws of the State of Arizona. Founded in 2010, TW provides investment advice to primarily individuals which may include, but is not limited to, determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning. Our investment advice is tailored to work with our clients’ financial goals, investment objectives and risk tolerances.

The investment advisory services of TW are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of TW (referred to as your “Investment Adviser Representative” or “IAR” throughout this brochure). Your IAR may either be an employee of TW or an independent contractor.

Investment adviser representatives are free to negotiate the fees to be charged for the services provided within the parameters set by TW, as disclosed in ***Item 5 – Fees and Compensation*** of this brochure. It is possible that different IAR’s may charge different fees for providing the same service to clients. The specific level of services you will receive and the fees you will be charged will be specified in your investment advisory agreement.

As used in the brochure, the words, “we,” “our,” and “us” refer to TW and the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm. In addition, you may see the term “Associated Person” throughout this brochure. As used in this brochure, our Associated Persons are our firm’s officers, employees and all individuals providing investment advice on behalf of our firm.

The firm changed its name in 2011 from Valley Financial Wealth Management L.L.C. Jeffrey B. Junior is 100% owner.

TW is also a licensed insurance agency wholly owned by Jeffrey B. Junior.

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### Types of Advisory Services

#### **Asset Management Services**

TW provides investment advisory and portfolio management services on a continuing basis, which may include the review of client investment objectives and goals, recommending asset allocation strategies of managed assets among investment products such as cash, stocks, ETF’s, mutual funds, bonds, and annuities. Although we generally provide advice only on the products previously listed, we reserve the right to

offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives. It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations. Our investment advice is tailored to meet our clients' unique needs and investment objectives. Clients may impose restrictions on investing in certain securities or types of securities (such as a product type, specific companies, specific sectors, etc.) by providing a signed and dated written notification, of which an e-mail is also an acceptable form of notification.

TW provides investment advisory and other financial services through its IAR's to accounts opened with TW. Managed Accounts are available to individual clients, high net-worth families, foundations, endowments, and institutional investors. We also provide personal financial planning and investment advice. Our investment plans are designed to work with our clients' financial goals, objectives and risk tolerances.

TW provides discretionary investment advisory services to its clients through various managed account programs. Through our managed account programs, we provide investment management services, including providing continuous investment advice to and making investments for you based on your individual needs. Through these services, we offer a customized and individualized investment program. These services may cost the client more or less than purchasing such services if provided separately. Some of the factors that determine total costs are the costs of the services if provided separately and the trading activity in the client's account. During your initial meeting with your advisor, you're asked to complete a confidential client profile to help us understand your risk tolerance and long-term financial goals. A specific asset allocation strategy and suitability profile is crafted to focus on your specific goals and objectives. The confidential client profile defines your risk tolerance and investment objectives. Your information should be updated regularly, but at a minimum every 2 years.

You must appoint our firm as your investment advisor of record on specified accounts (collectively, the "Account"). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

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

is done pursuant to your prior written authorization provided to the account custodian. You have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. You may also place reasonable limitations on the discretionary power granted to us so long as the limitations are specifically set forth or included as an attachment to the client agreement. *(Please see **Item 16 - Investment Discretion** for additional information concerning discretionary authority.)*

As more fully described in **Item 5 - Fees and Compensation** below, the annual fee is assessed on a monthly or quarterly schedule and calculated on either: (1) the client's average daily balance, for accounts billed in arrears (monthly or quarterly); or (2) calculated using the value of the account on the first day of the quarter, for certain accounts billed quarterly in advance.

Before we assess any fees or provide formal advice, we will provide you with an Investment Advisory Agreement ("Agreement") for your review, understanding and signature. The Agreement includes the terms and conditions under which your assets will be managed. Your execution of the Agreement authorizes our firm to determine the specific securities, and the amount of securities to be purchased or sold for your account without your approval prior to each transaction. The Agreement will remain in effect between you and us until terminated by either party in writing according to the terms contained in the Agreement. In the event a conflict exists between the Agreement and our Form ADV, the Form ADV shall prevail.

The Agreement will include schedules of the investment accounts you wish us to manage, the specific fees we propose to charge and how we propose to bill and collect those fees. You also have the ability to impose limits on investment selections and sectors. Advisory accounts will be held primarily by TD Ameritrade Institutional, Fidelity Investments, Raymond James or other qualified custodians as approved by TW (individually, a "Custodian"). The client must designate TW as its Investment Adviser on their accounts. The client's qualified Custodian will maintain actual custody of all client funds and securities.

Custodians are also broker/dealers, and they may have different account fees, execution charges and capacities. If you choose a different Custodian other than the one selected by us, you may pay higher account-related fees and execution charges. This may occur because custodial services are based on several factors. Factors may include, but are not limited to cost, expected level of asset safety, client confidentiality, communication and reporting. We base all decisions on the individual investment circumstances of each client.

In certain circumstances, clients may elect to have TW provide recommendations among the client's available investment options within the client's retirement account held and maintained at a third-party custodian or at the client's current or former employer ("Held Away Accounts"). In connection with providing recommendations for such Held Away Accounts, TW may seek authorization from the client, and maintain, such client's account access information, subject to TW's Privacy Policy. Upon client authorization, TW will



access client's account directly, ***solely***, to select among available investment options for the client based upon the client's unique investment goals, objectives and risk tolerance. TW will not seek to, or make, any changes to, or transfers to or from, any such Held Away Accounts without an appropriate, and separate, limited power of attorney from client. TW charges fees with respect to Held Away Accounts according to its general fee schedule. TW bills clients directly for the fees related to the servicing of Held Away Accounts. Fees may be deducted from the client's account with the Custodian or invoiced and paid directly by the client.

**Important Disclosure Regarding Fee Based Asset Management Accounts**

When making the determination of whether one of the advisory programs available through TW is appropriate for your needs, you should bear in mind that fee-based accounts, when compared with commission-based accounts, often result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, the fee-based account arrangements may result in a higher annual cost for transactions. Thus, depending on a number of factors, the total cost for transactions under a fee account versus a commission account can vary significantly. 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. It should also be noted that lower fees for comparable service may be available from other sources. You should discuss the advantages and disadvantages of fee-based and commission-based accounts with your IAR.

**Sub-Advisers**

TW, in providing the services agreed upon with the client, may retain hereafter ("the Sub-Adviser"), an investment adviser registered under applicable securities laws, as a Sub-Adviser to manage all or a portion of the managed assets in the Client's account. If this occurs, TW will be responsible for the continuing supervision of the Client's account, and the actions of the Sub-Adviser in connection with the Client's account and the managed assets. TW also will be responsible for the payment of any advisory fee or other charges of the Sub-Adviser with respect to the managed assets unless or except as specifically authorized in advance by the Client. TW agrees that upon proper notice by the Client, TW will refrain from the appointment of, or terminate as permitted under applicable contracts, any Sub-Adviser appointed pursuant to this authority.

**Educational Seminars/Workshops**

TW occasionally provides seminars/workshops in areas such as financial planning, retirement planning, estate planning, college planning and charitable planning or other relevant financial topics. Seminars/workshops are always offered on an impersonal basis and do not focus on the individual needs of participants. No fees are charged for seminars.

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## Client Tailored Services and Client Imposed Restrictions

The goals, objectives, risk tolerance and client-imposed restrictions for each client are documented in our client files. Investment strategies are created that seek to reflect the stated unique needs and investment objectives. Clients may impose restrictions on investing in certain securities or types of securities with written notification.

Agreements may not be assigned without written client consent.

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## Wrap Fee Programs

The firm does not participate in a wrap fee program.

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## Client Assets Under Management

As of December 31, 2019, Trajan Wealth had the following Assets Under Management ("AUM"):

Discretionary: \$ 488,588,862

Non-Discretionary: \$3,000,000

## Item 5: Fees and Compensation

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### Method of Compensation and Fee Schedule

The total annual advisory fees charged to the client are based on a percentage of AUM as follows:

Assets Under Management	Annual Advisory Fee *
\$5,000 - \$500,000	2.00%
\$500,001 - \$1,000,000	1.80%
\$1,000,001 - \$2,000,000	1.60%
\$2,000,001 - \$5,000,000	1.30%
Over \$5,000,000	Negotiated

TW, in its discretion, may negotiate fees based upon individual account criteria such as anticipated future assets, client's unique circumstances, and additional services performed. Our fees may be higher or lower than fees charged by other financial professionals offering similar services. TW reserves the right to modify its fee schedule in the future by providing you with 30 days advance notice of any modification.

Fees are collected and charged either: (1) monthly in arrears; (2) quarterly in arrears; or (3) quarterly in advance. Fees for any partial period (month or quarter) will be prorated

based upon the number of calendar days in the period (month or quarter) that the advisory agreement is in effect.

***Monthly or Quarterly Billing in Arrears.*** For accounts billed in arrears (monthly or quarterly,) fees are based on the average daily value of the assets of the period (month or quarter) just ended. The fee is calculated as follows: The Firm will calculate the average daily value of the AUM of the period (month or quarter) just ended and will multiply that amount by the respective fraction of the annual advisory fee (ie., 1/12 for monthly or 1/4 for quarterly.)

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities for regulatory purposes. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. Clients may also elect to have advisory fees billed directly. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will reflect the credits and debits to your account, including the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. Clients are urged to compare the account statements received directly from the custodian to any performance report statements prepared by any Sub-Adviser.

Discounts, not generally available to our advisory clients, may be offered to family members and associated persons of our firm.

There is no minimum account value for asset management services.

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### **Client Payment of Fees**

With written authorization, the independent, qualified Custodian holding your funds and securities, will automatically deduct our fee from your account. These fees will be deducted monthly or quarterly in arrears, or quarterly in advance, as applicable. The authorization and method of payment will be documented in the Agreement.

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### **Additional Client Fees Charged**

In addition to advisory fees paid to TW as explained above, clients may pay custodial service, account maintenance, transaction, and other fees associated with maintaining the account. These fees vary by broker and/or custodian. Clients should ask TW for details on transaction fees or other custodial fees specific to their account, as these fees are not included in the annual advisory fee. TW does not share any portion of such fees. Additionally, for any mutual funds purchased, the client may pay their proportionate share of the funds' distribution, internal management, investment advisory and administrative fees. Such fees are not shared with TW and are compensation to the fund manager. Clients are urged to read the mutual fund prospectus prior to investing.

Mutual fund companies impose internal fees and expenses on clients. These fees are in addition to the costs associated with the investment advisory services as described above. Complete details of such internal expenses are specified and disclosed in each mutual fund company's prospectus. Clients are strongly advised to review the prospectus(es) prior to investing in such securities.

Mutual funds purchased or sold in broker-dealer accounts may generate transaction fees that would not exist if the purchase or sale were made directly with the mutual fund company. Mutual funds held in broker-dealer accounts also charge management fees. These mutual fund management fees may be more or less than the mutual fund management fees charged if the client held the mutual fund directly with the mutual fund company.

Clients may purchase shares of mutual funds directly from the mutual fund issuer, its principal underwriter, or a distributor without purchasing the services of TW or paying the advisory fee on such shares (but subject to any applicable sales charges). Certain mutual funds are offered to the public without a sales charge. In the case of mutual funds offered with a sales charge, the prevailing sales charge (as described in the mutual fund prospectus) may be more or less than the applicable advisory fee. However, clients would not receive TW's assistance in developing an investment strategy, selecting securities, monitoring performance of the account, and making changes as necessary.

Please refer to *Item 12 - Brokerage Practices* of this brochure for additional information.

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### **Prepayment of Client Fees**

TW does not require prepayment of more than \$1,200 in fees per client, six months or more in advance.

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### **External Compensation for the Sale of Securities to Clients**

TW does not receive any external compensation for the sale of securities to clients, nor do any of the Investment Adviser Representatives of TW.

## **Item 6: Performance-Based Fees**

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

TW does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## **Item 7: Types of Clients**

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### **Description**

We offer investment advisory services to a wide variety of clients including, but not limited to, individuals including those with high net worth, pension and profit-sharing plans, including plan participants, trusts, estates, 401(k) sponsor plans and Individual Retirement Accounts (IRA, SEP, ROTH IRA,) charitable organizations, corporations and other business entities, including sole proprietorships.

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### **Account Minimums**

There is no account minimum account.

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

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### **Methods of Analysis and Investment Strategies**

Security analysis methods used by TW may include fundamental analysis, technical analysis, and cyclical analysis. Investing in securities involves risk of loss that clients should be prepared to bear.

Fundamental analysis involves evaluating a stock using real data such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth. Technical analysis involves evaluating securities based on past prices and volume. Cyclical analysis involves analyzing the cycles of the market.

The main sources of information may include financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

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### **Investment Strategy and Method of Analysis Material Risks**

The investment strategy for a specific client is based upon the objectives stated by the client during consultations and documented in an Investment Policy Statement ("IPS"). The client may change these objectives at any time. Each client's IPS contains information related to the client's risk tolerance and any investment restrictions. Any other documentation as required by TW that documents the client's objectives and their desired investment strategy will be retained as part of the client's file.

Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk. Other strategies may include long-term purchases, short-term purchases and trading.

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## Security Specific Material Risks

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* 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.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *ETF and Mutual Fund Risk:* When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- *Equity (stock) Risk:* Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- *Company Risk:* When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, oil-drilling companies depend on finding oil and then refining it, a

lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- *Fixed Income Risk:* When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- *Management Risk:* Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Our strategies and investments may have unique and significant tax implications. Regardless of your account size or other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Investing in securities involves risk of loss that clients should be prepared to bear. Although we manage your portfolio with strategies and in a manner consistent with your risk tolerances, there can be no guarantee that our efforts will be successful. You should be prepared to bear the risk of loss.

All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends, and other distributions), and the loss of future earnings. These risks include the risks stated above. Regardless of the methods of analysis or strategies suggested for your particular investment goals, you should carefully consider these risks, as the client should be able to bear all risks.

## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of TW's business or the integrity of TW's management.

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### **Administrative Enforcement Proceedings**

The firm and its management have not been involved in any administrative enforcement proceedings.

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### **Self-Regulatory Organization Enforcement Proceedings**

The firm and its management have not been involved in any Self-Regulatory Organization enforcement proceedings related to past or present investment clients.

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

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### **Broker-Dealer or Representative Registration**

Neither TW nor any of its employees are registered representatives of a broker-dealer.

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### **Futures or Commodity Registration**

Neither TW nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

IARs of TW may have a financial industry affiliated business as an insurance agent with Trajan Wealth, L.L.C. Not more than 30% of their time is spent on these activities. From time to time, IARs may offer clients advice or products from those activities and will earn compensation for selling insurance products, including insurance products they sell to you. Compensation earned by these persons is separate from our advisory fees, commissions for the sale of insurance products and/or revenue sharing arrangements typically range from 3% to 7%.

These practices may present a conflict of interest because it gives TW an incentive to recommend products based on the compensation amount received. This conflict is mitigated by the fact that TW has adopted a code of ethics that requires all associated persons to place the interests of clients first and clients are not required to purchase any insurance products. Clients have the option to purchase these products through another insurance agent of their choosing.

Jeffrey B. Junior is also the owner of Trajan Tax, LLC. Trajan Tax, LLC provides tax services for clients. Clients are not obligated to utilize the services of Trajan Tax, LLC. These practices may present a conflict of interest because it gives TW an incentive to recommend tax services based on the compensation amount received, although TW may



provide these services at no charge to the client. This conflict is mitigated by the fact that TW has adopted a code of ethics that requires all associated persons to place the interests of clients first and clients are not required to utilize the services of Trajan Tax, LLC for tax services. Clients have the option to utilize another tax provider of their choosing.

TW has an informal relationship with a law firm for which we may refer clients for estate planning purposes. TW may pay all or a portion of the services to the law firm on behalf of clients. This relationship may present a conflict of interest because TW may have an incentive to refer clients to the law firm, so the law firm reciprocates by referring clients to TW. Clients are in no way obligated to utilize the services of the law firm and may utilize an attorney of their choosing.

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### **Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

TW, in providing the services agreed upon with the client, may retain an investment adviser registered under applicable securities laws, as a Sub-Adviser to manage all or a portion of the managed assets in the client's account (hereafter, the "Sub-Adviser.") If this occurs, TW will be responsible for the continuing supervision of the client's account, and the actions of the Sub-Adviser in connection with the client's account and the managed assets. TW also will be responsible for the payment of any advisory fee or other charges of the Sub-Adviser with respect to the managed assets unless or except as specifically authorized in advance by the client. TW agrees that upon proper notice by the client, TW will refrain from the appointment of, or terminate as permitted under applicable contracts, any Sub-Adviser appointed pursuant to this authority.

We have a conflict of interest when we utilize third-party Sub-Advisers that have agreed to share a portion of their advisory fee with us and have met the conditions of our due diligence review. There may be other third-party Sub-Advisers that may be suitable for you that may be more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. This conflict of interest is primarily mitigated by our ongoing due diligence of our third-party Sub-Advisers and our limits on advisory compensation to the schedule set forth in *Item 5 - Fees and Compensation*.

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

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#### **Code of Ethics Description**

The employees of TW have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth guidelines and standards of conduct expected of our Associated

Persons and addresses potential conflicts that may arise. The Code defines acceptable behavior for our Associated Persons and reflects our goal to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith and fair dealing with you. All of our Associated Persons are expected to understand and strictly follow these guidelines.

Our Code of Ethics also requires that our Associated Persons submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations the Code. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our firm or persons associated with our firm may buy or sell securities or hold a position identical to clients. It is our policy that no Associated Person will put his/her interests before a client's interest. Associated Persons may not trade ahead of any client and cannot trade for a better price than the price a client would obtain. It is the Associated Person's responsibility to know which securities we are trading. Associated Persons are required to consult with the Compliance Department to determine whether a security is an acceptable purchase or sale.

We prohibit all Associated Persons from trading on non-public information and from sharing such information. Associated Persons may not invest in an initial public offering (IPO) for their own accounts or those of related household members. Associated Persons are required to obtain approval from the Compliance Department prior to investing in a private placement or other limited offerings. We do not allow "short-swing" trading or market timing. Short-Swing trading, better known as the Short-Swing Profit rule, requires company insiders to return any profits made from the purchase and sale of company stock if both transactions occur within a six-month period. A company insider, as determined by the rule, is any officer, director or holder of more than 10% of the company's membership interests.

Every Associated Person who has access to client accounts must submit a report of all personal securities holdings at the time of affiliation with us and annually thereafter. Such reports must contain current information (not older than 45 days). Holding reports must contain the following information:

- The title and type of security;
- The security symbol or CUSIP number;
- The number of shares and the principal amount of each reportable security;
- The name of any broker, dealer, or bank with which the Associated Person maintains an account;
- The date the report was submitted.

The Code applies to “access” persons. “Access” persons are Associated Persons of the firm including persons who have access to non-public information regarding any client’s purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

TW does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist.

## **Item 12: Brokerage Practices**

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### **Factors Used to Select Broker-Dealers for Client Transactions**

TW primarily recommends Raymond James and TD Ameritrade Institutional as Custodians. TW participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., member FINRA/SIPC (“TD Ameritrade.”) TD Ameritrade, Fidelity Investments and Raymond James are each an unaffiliated SEC-registered broker-dealer and FINRA member. The Custodians each offer services to independent investment advisors which include custody of securities, trade execution, clearance and settlement of transactions.

TW receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under *Item 14 – Client Referrals and Other Compensation* below.)

#### *Directed Brokerage*

You may direct us in writing to use a particular broker-dealer to execute some or all of the transactions for your account. If you do so, you are responsible for negotiating the terms and arrangements for the account with that broker-dealer. We may not be able to negotiate commissions, obtain volume discounts, or best execution. In addition, under these circumstances a difference in commission charges may exist between the commissions charged to clients who direct us to use a particular broker or dealer and other clients who do not direct us to use a particular broker or dealer.

#### *Best Execution*

Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. TW recommends the brokerage and custodial services of Raymond James and TD Ameritrade. Raymond James and

TD Ameritrade maintain custody of funds and securities. We believe that Raymond James and TD Ameritrade provide quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Raymond James and TD Ameritrade, including the value of research provided, the firm's reputation, execution capabilities, commission rates, reporting capabilities, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services Raymond James and TD Ameritrade provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### *Soft Dollar Arrangements*

Generally, in addition to a broker's ability to provide "best execution," we may also consider the value of "research" or additional brokerage products and services a broker-dealer has provided or may be willing to provide. This is known as paying for those services or products with "soft dollars." Because many of the services or products could be considered to provide a benefit to the firm, and because the "soft dollars" used to acquire them are client assets, the firm could be considered to have a conflict of interest in allocating client brokerage business: it could receive valuable benefits by selecting a particular broker or dealer to execute client transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation the firm might otherwise be able to negotiate. In addition, the firm could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

The firm's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), the firm will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described below, that the compensation to be paid to TD Ameritrade is reasonable in relation to the value of all the brokerage and research products and services provided by TD Ameritrade. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker- dealer for a particular transaction or set of transactions may be

greater than the amounts another broker- dealer who did not provide research services or products might charge.

#### *Research and Brokerage Products and Services*

"Research" products and services we may receive from broker-dealers may include economic surveys, data, and analyses; financial publications; recommendations or other information about particular companies and industries (through research reports and otherwise); and other products or services (e.g., computer services and equipment, including hardware, software, and data bases) that provide lawful and appropriate assistance to the firm in the performance of its investment decision-making responsibilities. Consistent with Section 28(e), brokerage products and services (beyond traditional execution services) consist primarily of computer services and software that permit us to effect securities transactions and perform functions incidental to transaction execution. We generally use such products and services in the conduct of our investment decision-making generally, not just for those accounts whose commissions may be considered to have been used to pay for the products or services.

#### *Other Uses and Products.*

TW may use some products or services not only as "research" and as brokerage (i.e., to assist in making investment decisions for clients or to perform functions incidental to transaction execution) but for our administrative and other purposes as well. In these instances, we make a reasonable allocation of the cost of the products and services so that only the portion of the cost that is attributable to making investment decisions and executing transactions is paid with commission dollars and we bear the cost of the balance. Our interest in making such an allocation differs from clients' interest, in that we have an incentive to designate as much as possible of the cost as research and brokerage in order to minimize the portion that the firm must pay directly.

#### *Mutual Fund Transactions.*

Although shares of no-load mutual funds can be purchased and redeemed without payment of transactions fees, TW may, consistent with our duty of best execution, determine to cause client accounts to pay transaction fees that may be higher than those obtainable from other broker- dealers when purchasing shares of certain no-load mutual funds through TD Ameritrade in order to obtain "research". This research may not be used for the exclusive benefit of the clients who pay transaction fees in purchasing mutual fund shares.

#### *Amount and Manner of Payment.*

A broker-dealer through which the firm wishes to use soft dollars may establish "credits" arising out of brokerage business done in the past, which may be used to pay, or reimburse the firm for, specified expenses. In other cases, a broker-dealer may provide or pay for the service or product and suggest a level of future business that

would fully compensate it. The actual level of transactional business the firm does with a particular broker-dealer during any period may be less than such a suggested level, but may exceed that level and may generate unused soft dollar "credits." We do not exclude a broker-dealer from receiving business simply because the broker-dealer has not been identified as providing soft dollar research products and services, although we may not be willing to pay the same commission to such broker-dealer as we would have paid had the broker-dealer provided such products and services.

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### **Aggregating Securities Transactions for Client Accounts**

When TW buys or sells the same security for two or more clients (including our personal accounts), we may place concurrent orders to be executed together as a single "block" in order to facilitate orderly and efficient execution. Each client account will be charged or credited with the average price per unit. We receive no additional compensation or remuneration of any kind because we aggregate client transactions, and no client is favored over any other client.

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### **Trade Errors**

Even with our best efforts and controls, trade errors may happen. All trade errors will be brought to the attention of the CIO and the CCO immediately upon discovery. We will work to formulate the best resolution for the client. In the event of a trade error, errors will be corrected before the current day market close (if possible) and no later than next market close date and with the intent to make the client whole. Ideally, when possible, trade errors will be moved from the client's account to either our trade error account with the broker/dealer that executed the trade or that broker/dealer's trade error account, depending upon which party is responsible for the error. In cases in which we are responsible for the error, all losses will be paid by us and all gains will be retained by the custodian. In cases in which the broker/dealer is responsible for the error, we will follow the procedures of the broker/dealer with respect to any gains or losses in the trade error account. Please be advised that any trade errors that result from inaccurate instructions provided by the client remain the financial responsibility of the client.

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

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### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by the Investment Adviser Representative assigned to the account. Account reviews are performed more frequently when market conditions dictate.

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### **Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

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### **Content of Client Provided Reports and Frequency**

Clients receive account statements no less than quarterly for managed accounts from the Custodian. Account reports may be issued by TW. Clients receive confirmations of each transaction in their account from the Custodian and an additional statement during any month in which a transaction occurs.

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

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#### **Economic benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

As disclosed under Item 12 above, TW participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between TW's participation in the program and the investment advice it gives to its Clients, although TW receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving TW participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to TW by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by TW's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit TW but may not benefit its Client accounts. These products or services may assist TW in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help TW manage and further develop its business enterprise. The benefits received by TW or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, TW endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the TW's choice of TD Ameritrade for custody and brokerage services.

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## **Advisory Firm Payments for Client Referrals**

TW may enter into “Solicitor/Finder” relationships. These individual solicitors refer prospective clients to TW. TW pays a referral fee to the solicitor or finder typically based on a portion of the management fees charged by TW and memorialized in a written agreement (“Solicitor Agreement”). In all cases, TW will comply with the cash solicitation rules established by the SEC, state regulators and the client disclosure requirements. When a client is referred to us by a referring party, the referring party provides the client with a copy of our Disclosure Brochure as required by the *Investment Advisers Act of 1940*. If a referred prospective client enters into an investment advisory agreement with TW, a referral fee is paid to the referring party. The referral relationship will not result in clients being charged any fees over and above the normal advisory fees charged for the advisory services provided. TW will pay the solicitor/finder their share of the total fee. The Solicitor Agreement requires that the solicitor/finder be appropriately registered under federal and state securities laws where applicable. Clients receive all related agreements and disclosures prior to or at the time of entering into an Investment Advisory Agreement with TW.

## **Item 15: Custody**

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### **Account Statements**

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. Clients are urged to compare the account statements received directly from their custodians to any performance report statements prepared by TW.

### **Standing Letters of Authorization**

Some clients may execute limited powers of attorney or other standing letters of authorization that permit TW to transfer money from their account with the client’s independent qualified Custodian to third-parties. This authorization to direct the Custodian may be deemed to cause our firm to exercise limited custody over your funds or securities and for regulatory reporting purposes, we are required to keep track of the number of clients and accounts for which we may have this ability. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your



funds and securities at least quarterly. The account statements from your custodian(s) will indicate any transfers that may have taken place within your account(s) each billing period. You should carefully review account statements for accuracy.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

The Agreement grants us the authority to decide what securities are bought or sold in your account(s) and the authority to implement those decisions without being required to obtain your approval.

You have the right to place reasonable restrictions on your accounts. You may also place reasonable restrictions on the discretionary power granted to us so long as the limitations are specifically directed to us as an attachment to the Agreement. Please refer to *Item 4 – Advisory Business* of this Brochure for more information.

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

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### **Proxy Votes**

TW does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the Custodian of their account or from a transfer agent.

### **Class Action Suits**

A class action is a procedural device used in litigation to determine the rights of and remedies, if any, for large numbers of people whose cases involve common questions of law and/or fact. Class action suits frequently arise against companies that publicly issue securities, including securities recommended by investment advisors to clients.

With respect to class action suits and claims, you (or your agent) will have the responsibility for class actions or bankruptcies, involving securities purchased for or held in your account. We do not provide such services and are not obligated to forward copies of class action notices we may receive to you or your agents.

## **Item 18: Financial Information**

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### **Balance Sheet**

A balance sheet is not required to be provided because TW does not serve as a Custodian for client funds or securities and TW does not require prepayment of fees of more than \$1,200 per client and six months or more in advance.

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**Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

TW is not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

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**Bankruptcy Petitions during the Past Ten Years**

TW has not been the subject of a bankruptcy petition at any time.

**Item 19: Requirements for State Registered Advisers**

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**This section is not applicable because the firm is registered with the Securities and Exchange Commission.**