



## **Position Wealth LLC**

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### **Form ADV Part 2A - Brochure**

January 31, 2024

This brochure provides information about the qualifications and business practices of Position Wealth LLC (hereinafter "Position Wealth" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. 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 Position Wealth LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Material Changes**

Since our previous ADV Part 2A filing on July 21, 2023, we have made no material changes.

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## **Item 4 Advisory Business**

Position Wealth offers a variety of advisory services, which include investment and wealth management services. Prior to Position Wealth rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Position Wealth setting forth the relevant terms and conditions of the advisory relationship (the "Advisory Agreement").

Position Wealth allows its investment adviser representatives ("IARs") autonomy in managing client assets. Each IAR will determine the recommended investments in client accounts and will have his or her own methods of analysis and investment strategies.

Position Wealth LLC filed for registration as an investment adviser in January 2023. The firm is 100% owned by Allizadeh and Marger Capital LLC, whose managing members and principal owners are Danny Allizadeh and Cary Marger.

As of January 31, 2024, Position Wealth had \$166,439,172 in total assets under regular and continuous management, of which \$166,439,172 was managed on a discretionary basis and \$0 was managed on a non-discretionary basis

Position Wealth has its principal place of business in Texas, with a branch office in Utah.

### **Investment and Wealth Management Services**

Position Wealth manages client investment portfolios on a discretionary basis. Position Wealth may also manage client investment portfolios on a discretionary basis per client request. Position Wealth primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, options, and Independent Managers in accordance with the client's stated investment objectives.

Clients can engage Position Wealth to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Position Wealth directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company, or the custodian designated by the product's provider.

Position Wealth tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Position Wealth consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Position Wealth if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if Position Wealth determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

### **Use of Independent Managers**

As mentioned above, Position Wealth selects certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated

Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Manager engaged to manage their assets.

Position Wealth evaluates a variety of information about Independent Managers, which includes the Independent Manager's public disclosure documents, materials supplied by the Independent Manager themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Manager's investment strategies, past performance, and risk results in relation to its clients' individual portfolio allocations and risk exposure. Position Wealth also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing, and research capabilities, among other factors.

Position Wealth continues to provide services relative to the discretionary or non-discretionary selection of the Independent Manager. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. Position Wealth seeks to ensure the Independent Manager's strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### **Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

## **Item 5 Fees and Compensation**

Position Wealth offers services for fees based upon assets under management. Additionally, the Firm anticipates that certain of the Firm's Supervised Persons, in their individual capacities, will offer insurance products under a separate commission-based arrangement separate and apart from the advisory services offered by Position Wealth.

### **Investment Management Fees**

Position Wealth offers investment management services for an annual fee based on the amount of assets under the Firm's management. This management fee varies between 25 and 150 basis points (0.25% – 1.50%), depending upon the size and composition of a client's portfolio, the type of services rendered, and the IAR providing the services.

The annual fee is prorated and charged monthly, in advance, based upon the market value of the assets being managed by Position Wealth on the last day of the previous month. Valuation is provided by an independent third party that collects data from the custodian of the assets.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage Position Wealth for additional services for compensation, including rolling over retirement accounts or moving other assets to the Firm's management. Clients retain absolute discretion over all decisions regarding engaging the Firm and are under no obligation to act upon any of the recommendations.

### **Fee Discretion**

Position Wealth may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as assets under management, range of investments, complexity of financial circumstances, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

### **Additional Fees and Expenses**

In addition to the advisory fees paid to Position Wealth, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "qualified custodians"). These additional charges include securities brokerage commissions, transaction fees, custodial fees, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

Advisory fees charged by Independent Managers are separate and apart from the Firm's fees. Advisory fees paid to the Independent Managers are established and payable in accordance with the disclosure brochure and/or client agreement provided by each Independent Manager to whom the client is recommended. These fees may or may not be negotiable. Position Wealth anticipates that in

some cases, the Firm will share in the fee charged by the Independent Manager. Depending on the Independent Manager, clients may or may not be able to negotiate the portion of the fee payable to Position Wealth. The client will generally be required to sign an agreement directly with the Independent Manager.

Since Position Wealth's compensation may differ depending upon the use of a particular Independent Manager (where the Independent Manager shares its fee with the Firm), the Firm has an incentive to recommend one Independent Manager over another. At all times Position Wealth and its Supervised Persons will uphold their fiduciary duty to clients.

Independent Managers may offer wrapped or non-wrapped pricing options. Wrap pricing structures allow the client to pay an all-inclusive fee for management, brokerage, clearance, custody, and administrative services.

A complete description of the programs and services provided, the amount of total fees, the payment structure, termination provisions and other aspects of each Independent Manager are detailed and disclosed in the Independent Manager's disclosure brochure and other documents and agreements. A copy of all relevant documents of the Independent Manager will be provided to clients that are recommended to such Independent Manager.

### **Direct Fee Debit**

Clients provide Position Wealth and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The qualified custodians that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Position Wealth.

### **Use of Margin**

Position Wealth may be authorized to use margin in the management of the client's investment portfolio. In these cases, the fee payable will be assessed gross of margin such that the market value of the client's account and corresponding fee payable by the client to Position Wealth will be increased. Where investment management fees are assessed gross of margin, a conflict of interest exists as the Firm has an incentive to use margin to increase its fees.

### **Account Additions and Withdrawals**

Clients can make additions to and withdrawals from their account at any time, subject to Position Wealth's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept securities into a client's account. Clients can withdraw account assets upon notice to Position Wealth, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. Position Wealth may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

Position Wealth does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).



## **Item 7 Types of Clients**

Position Wealth offers services to individuals, high net-worth individuals, charitable organizations, and corporations or other businesses.

Position Wealth has not established a minimum account size or a minimum advisory fee for services to be rendered to a client.

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

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

As described above Position Wealth allows its IARs autonomy in managing client assets. Each IAR will determine the recommended investments in a client account and will have his or her own methods of analysis and investment strategies. Position Wealth will supervise IAR recommendations under the Firm's fiduciary duty to its clients. Position Wealth anticipates that IARs will utilize one or more of the following methods of security analysis:

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For Position Wealth, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation, and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical-based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Position Wealth will be able to accurately predict such a reoccurrence.

Cyclical analysis is like technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the company that Position Wealth is recommending. The risks with cyclical analysis are like those of technical analysis.

Behavioral finance analysis involves an examination of conventional economics as well as behavioral and cognitive psychological factors. Behavioral finance methodology seeks to combine a qualitative and quantitative approach to provide explanations for why individuals may, at times, make irrational financial decisions. Where conventional financial theories have failed to explain certain patterns, the behavioral finance methodology investigates the underlying reasons and biases that cause some people to behave against their best interests. The risks relating to behavior finance analysis are that it relies on spotting trends in human behavior that may not predict future trends.

Modern Portfolio Theory ("MPT") is a mathematical-based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (e.g., tax implications, regulatory constraints, and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nevertheless, Position Wealth's investment process is structured in such a way to integrate those assumptions and real-life considerations for which MPT analytics do not account.

### **Risk of Loss**

The following list of risk factors does not purport to be a complete listing or explanation of the risks

involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Position Wealth's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that Position Wealth will be able to predict these price movements accurately or capitalize on any such assumptions.

### *Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

### *Geopolitical Risks*

Geopolitical and other events (e.g., war or terrorism) may disrupt securities markets and adversely affect global economies and markets, thereby decreasing the value of an account's investments. Sudden or significant changes in the supply or prices of commodities or other economic inputs such as oil may have material and unexpected effects on both global securities markets and individual countries, regions, sectors, companies, or industries, which could significantly reduce the value of an account's investments. War, terrorism and related geopolitical events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally.

### *Cash Management Risks*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

### *Equity-Related Securities and Instruments*

The Firm may recommend long positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

### *Fixed Income Securities*

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations, and to price volatility.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Use of Independent Managers*

As stated above, Position Wealth selects certain Independent Managers to manage a portion of its clients' assets. In these situations, Position Wealth continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Manager's ability to successfully implement their investment strategies. In addition, Position Wealth does not have the ability to supervise the Independent Managers on a day-to-day basis.

### *Reliance on Investment Adviser Representatives*

A client's IAR is primarily responsible for investments. While the Firm does supervise the IAR and oversee accounts based on general parameters, a client's performance will be highly reliant on that client's IAR to successfully implement their investment strategy. Some IARs may achieve better performance than others.

### *Options*

Options allow investors to buy or sell a security at a contracted price ("strike price") at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (i.e., limit) losses to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain several inherent risks, including the partial or total loss of principal if the value of the underlying security or index does not increase/decrease to the

level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

### *Use of Margin*

While the use of margin borrowing for investments can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a qualified custodian, which is secured by a client's holdings. Under certain circumstances, a lending qualified custodian may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the qualified custodian may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

### *Currency Risks*

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

### *Interest Rate Risks*

Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

## **Item 9 Disciplinary Information**

Position Wealth has not been involved in any legal or disciplinary events that are material to a client or prospective client's evaluation of its advisory business or the integrity of its management.

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

This item requires investment advisers to disclose certain financial industry activities and affiliations.

### **Licensed Insurance Agents**

Certain of the Firm's Supervised Persons are licensed insurance agents and offer certain insurance products on a fully disclosed commissionable basis. A conflict of interest exists to the extent that Position Wealth recommends the purchase of insurance products where its Supervised Persons are entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

### **Other Affiliations**

Allizadeh and Marger Capital LLC, owner of Position Wealth, is also 100% owner of Position Insurance LLC and Position Property LLC. The managing members and principal owners of Allizadeh and Marger Capital LLC are Danny Allizadeh and Cary Marger.

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

Position Wealth has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. Position Wealth's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Position Wealth's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- A decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments; (iii) shares issued by money market funds; and iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact Position Wealth to request a copy of its Code of Ethics.



## Item 12 Brokerage Practices

### Recommendation of Broker-Dealers for Client Transactions

Position Wealth is not a qualified custodian. Federal securities laws require that customer funds and securities be held with qualified custodians, who will safeguard and custody your assets and execute your transactions. Position Wealth, as your advisor, has access to your account through the custodian and will direct the broker dealer to execute transactions on your behalf. Position Wealth does not have custody of your assets. Therefore, Position Wealth will utilize custodians like Fidelity Brokerage Services LLC to satisfy this requirement.

Position Wealth recommends that clients utilize the custody, brokerage and clearing services of a qualified custodian for investment management accounts. Position Wealth will participate in the institutional program offered by the qualified custodians that it recommends. Like managing client assets, Position Wealth allows its IARs autonomy in choosing which qualified custodian to recommend to clients. Position Wealth will receive benefits from the qualified custodians for participation in their programs. The final decision to custody assets with a recommended qualified custodian is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA account holder. Position Wealth is independently owned and operated and not affiliated with any of the qualified custodians. The qualified custodians provide access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which Position Wealth considers in recommending a qualified custodian include their respective financial strength, reputation, execution, pricing, research, and service. The qualified custodians enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by a qualified custodian may be higher or lower than those charged by other qualified custodians.

The commissions paid by Position Wealth's clients to a qualified custodian comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified custodian might charge to effect the same transaction where Position Wealth determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a qualified custodian's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Position Wealth seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist Position Wealth in its investment decision-making process. Such research will be used to service all the Firm's clients, but brokerage commissions paid by one client may be used for calculation by the qualified custodian to compensate the Firm for services that are not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Position Wealth does not have to produce or pay for the products or services. The Firm may be required by a qualified custodian to maintain a specified dollar amount of assets with that qualified custodian to receive

benefits which also results in a conflict of interest.

Some of the products, services, and other benefits provided by the Firm benefit the Firm and not the Firm's clients. Qualified custodians receive compensation from sources including but not limited to mutual funds and annuities, banks, insurance companies, and investment banking relationships, which are not shared with the Firm. The Firm's recommendation that a client place assets with a specific qualified custodian may be based in part on benefits to the Firm, and not solely on the nature, cost, or quality of custody and execution services provided by that qualified custodian.

The qualified custodians do not generally charge the Firm's clients separately for custody, but they are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through that qualified custodian or that settle into that qualified custodian's accounts.

Position Wealth periodically and systematically reviews its policies and procedures regarding its recommendation of qualified custodians considering its duty to obtain best execution.

### **Software and Support Provided by Qualified Custodians**

Position Wealth receives without cost from qualified custodians administrative support, computer software, related systems support, as well as other third party support as further described below (together "Support") which allow Position Wealth to better monitor client accounts maintained at the qualified custodians and otherwise conduct its business. Position Wealth receives the Support without cost because the Firm renders investment management services to clients that maintain assets at qualified custodians. Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits Position Wealth, but not its clients directly. Clients should be aware that Position Wealth's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services, especially because the support is contingent upon clients placing and maintaining a certain level(s) of assets at that qualified custodian. In fulfilling its duties to its clients, Position Wealth endeavors always to put the interests of its clients first and has determined that the recommendation of a particular qualified custodian is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, Position Wealth receives the following benefits from the qualified custodians: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; iv) access to an electronic communication network for client order entry and account information; and v) advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Depending upon the qualified custodian recommended, that institution also makes the following available to the Firm, at no additional charge:

- Certain research and brokerage services, including research services obtained by the qualified custodian directly from independent research companies, as selected by Position Wealth (within specified parameters).
- National, regional, or Firm specific educational events organized and/or sponsored by the qualified custodian.
- Business entertainment of personnel of Position Wealth by personnel of the qualified custodian, including meals, invitations to sporting events, including golf tournaments, and

- other forms of entertainment, some of which may accompany educational opportunities.
- Software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping, and client reporting.
- Professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance, and marketing.
- The qualified custodians may discount or waive fees they would otherwise charge for some of the services mentioned herein or pay all or part of the fees of a third-party providing these services to the Firm.

While we have an obligation to seek best execution for our clients, in selecting broker-dealers, we will generally seek the best combination of net price and execution for client accounts and may consider other factors, including the broker's trading expertise, stature in the industry, execution ability, facilities, clearing capabilities and financial services offered, reliability and financial responsibility, timing and size of order and execution, difficulty of execution, current market conditions and market liquidity. Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered. We do not oblige ourselves to seek the lowest transaction charges in all cases except to the extent that it contributes to the overall goal of obtaining the best results for your account.

While, as a fiduciary, Position Wealth endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at a particular qualified custodian may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by that qualified custodian, which creates a conflict of interest.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as the Firm maintains a certain level of client assets as the qualified custodian. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at that particular qualified custodian. Without these relationships, the Firm would be required to pay for these benefits on its own.

### **Brokerage for Client Referrals**

Position Wealth does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from qualified custodians or other third party.

### **Directed Brokerage**

The client may direct Position Wealth in writing to use a particular qualified custodian to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that qualified custodian and the Firm will not seek better execution services or prices from other qualified custodians or be able to "batch" client transactions for execution through other qualified custodians with orders for other accounts managed by Position Wealth (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Position Wealth may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational

difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

### **Mutual Fund Share Classes**

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.

### **Trade Aggregation**

Transactions for each client will be effected independently, unless Position Wealth decides to purchase or sell the same securities for several clients at approximately the same time. Position Wealth may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among Position Wealth's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Position Wealth's Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Position Wealth does not receive any additional compensation or remuneration because of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## **Item 13 Review of Accounts**

### **Account Reviews**

Position Wealth monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a semi-annual basis. Such reviews are conducted by the Firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Position Wealth and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the qualified custodians where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Position Wealth and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Position Wealth or an outside service provider.

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

The Firm does not currently provide compensation to any third-party solicitors for client referrals. In the event a client is introduced to Position Wealth by either an unaffiliated or an affiliated solicitor, the Firm will pay that solicitor a referral fee in accordance with applicable state and federal securities laws. Unless otherwise disclosed, any such referral fee is paid solely from Position Wealth's investment management fee and does not result in any additional charge to the client. Any affiliated solicitor of Position Wealth is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation.

### **Other Compensation**

The Firm receives economic benefits from qualified custodians. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

## Item 15 Custody

Position Wealth is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more qualified custodians that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period.

In addition, Position Wealth is deemed to have limited custody due to clients giving the Firm limited power in a standing letter of authorization to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm has implemented the steps in the SEC's February 21, 2017 no-action letter which includes (in summary): i) instruction from the client to the custodian; ii) client authorization to the Firm to direct transfers to the third party; iii) the custodian performs appropriate verification of the instruction and provides a transfer of funds notice to the client promptly after each transfer; iv) the client has the ability to terminate or change the instruction; v) the Firm has no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian sends the client an initial and annual notice confirming the instruction.

In addition, as discussed in Item 13, Position Wealth will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the qualified custodians and compare them to those received from Position Wealth.

## **Item 16 Investment Discretion**

Position Wealth is given the authority to exercise discretion on behalf of certain clients. Position Wealth is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Position Wealth is given this authority through a power-of-attorney included in the agreement between Position Wealth and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Position Wealth takes discretion from certain clients over the following activities:

- The securities to be purchased or sold;
- The number of securities to be purchased or sold;
- When transactions are made;
- The broker-dealer that executes trades (in the case of a prime brokerage relationship); and
- The Independent Managers to be hired or fired.



## **Item 17 Voting Client Securities**

Position Wealth does not accept authority to vote proxies for client securities or render advice on how such proxies should be voted. Instead, clients must vote for securities held in their accounts directly.

Position Wealth does not render any advice or take any action with respect to securities or other property currently or formerly held in client accounts or the issuers thereof that become the subject of any legal proceedings, including bankruptcies and class actions.

## **Item 18 Financial Information**

Position Wealth is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past 10 years.