

**ITEM 1 - COVER PAGE**

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This Part 2A of Form ADV (“Brochure”) provides information about the qualifications and business practices of Severin Investments LLC (“SI”). This document is provided to Clients and Prospective Clients of Severin Investments. If you have any questions about the contents of this brochure, please contact us at (314)983-2707.

SI is an investment adviser registered with the State of Missouri (and additional states, as required). Registration as an investment adviser does not imply a certain level of skill or training.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any State Securities Authority. Additional information about SI is available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 - MATERIAL CHANGES**

Severin Investments now offers model management services for certain turnkey asset management platforms and overlay managers.

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## **ITEM 4 – ADVISORY BUSINESS**

### **Overview**

Severin Investments LLC (“SI”) is a Missouri limited liability company. We have been in business since September 2013 and are 100% owned by one individual, Jeffrey Severin, President.

### **Advisory Services**

SI provides the following services to our advisory Clients:

1. Portfolio Management Services (with investment discretionary authority)
2. Institutional Retirement Services
3. Consulting, Monitoring and Advice for a Client’s 401k Retirement Assets
4. Financial Planning Services (Comprehensive or Limited / Consulting)
5. Buy and Sell Signal Consulting

Investment advice is provided to Clients through our investment professionals who are licensed in various states, as required, as investment adviser representatives (or “IARs”) of SI. Please see the Part 2B, Brochure Supplements, attached for more information on each of these individuals.

### **1. Portfolio Management Services**

#### **Sub-advisory Services**

We provide portfolio management services to broker-dealers, investment advisers and portfolio managers under contractual agreements. As such, we implement our proprietary investment models for their clients for a fee. This includes trading in the client accounts when we make changes in the models. We educate advisors on the risk and investment objectives within each model so they can accurately advise each client on them. It is the advisor’s responsibility to choose an appropriate model for his client, and it is our responsibility to manage the model according to the investment objectives we have outlined. If we make changes to the investment objectives of a model, we will inform the advisor before-hand to give him adequate time to take appropriate action with his clients. All of our models are available for advisors to use for their clients.

#### **Overlay Managers and TAMPs**

We provide model management services to certain overlay managers and turnkey asset management platforms (TAMPs) under contractual agreements. As such, we upload and make changes to our proprietary investment models for an asset-based fee, which is debited directly from the investment account attached to the model and paid to Severin Investments by the overlay manager or TAMP provider. The overlay manager will directly make trades as directed by us for the advisors using our models. TAMPs allow advisors to approve and make the trades themselves. Under these contracts, Severin Investments has no discretion over individual accounts and is not responsible for determining suitability.

The models available to advisors/investors depends on the contractual agreement we have with the overlay manager or TAMP.

## **Portfolio Management for Individuals**

We meet with our prospective Clients (at no obligation), either in person or via telephone to determine whether our services described in this Brochure will meet your needs and expectations. It is our goal to understand who you are and your investment needs. If our services and your needs align, we will enter into a portfolio management agreement with you, which describes the services, fees and related information that governs the portfolio management services described here.

We then document the information gathered on you and your personal obligations. The result of this activity is a personal Investment Policy Statement or IPS. This IPS is the key to our providing portfolio management services to you. The IPS documents, specifically, your:

- Personal Information
- Investment Goals
- Investment objectives
- Investment restrictions (if any)
- Risk tolerance
- Time horizon
- Other information

The IPS is correlated to our proprietary investment models which guide our investment decisions across various investment objectives and risk tolerances. While our model portfolios are actively managed according to risk tolerance, they are managed per the investment goal of the model, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

## **Descriptions of Severin Investments Model Portfolios**

- *Conservative Income:* This model is managed in a conservative style by which the portfolio managers actively manage in an effort to balance coupon risk and price volatility. The portfolio consists of investment-grade corporate bonds, government bonds and agency bonds guaranteed by the U.S. Government, its agencies or instrumentalities, all with maturities of 10 years or less. Although the strategy allows for equity exposure ranging between 10–40%, the typical allocation is between 20–30%. A typical portfolio will hold at least 15 securities diversified across various sectors and maturities and, generally, no single corporate position will be more than 5% of the portfolio total value. The portfolio managers will vary the portfolio's duration based on their interest rate outlook. If they anticipate that interest rates will rise, they will shorten the average maturity to attempt to protect capital. However, if they anticipate that interest rates will decline, they will lengthen the portfolio's duration to attempt to obtain higher rates to capture price appreciation. The investment team, utilizing a top-down approach, assesses macroeconomic data and

trends to formulate an interest rate strategy. This portfolio is available to all account sizes within our managed program.

- *Moderate Income:* This model is managed in a conservative style by which the portfolio managers actively manage in an effort to balance coupon risk and price volatility. The portfolio consists of investment-grade corporate bonds, government bonds and agency bonds guaranteed by the U.S. Government, its agencies or instrumentalities, all with maturities of 10 years or less. Although the strategy allows for equity exposure ranging between 20–50%, the typical allocation is between 30–40%. A typical portfolio will hold at least 15 securities diversified across various sectors and maturities and, generally, no single corporate position will be more than 5% of the portfolio total value. The portfolio managers will vary the portfolio's duration based on their interest rate outlook. If they anticipate that interest rates will rise, they will shorten the average maturity to attempt to protect capital. However, if they anticipate that interest rates will decline, they will lengthen the portfolio's duration to attempt to obtain higher rates to capture price appreciation. The investment team, utilizing a top-down approach, assesses macroeconomic data and trends to formulate an interest rate strategy. This portfolio is available to all account sizes within our managed program.
- *Moderate Growth and Income:* This model invests in U.S. and International equities and investment-grade bonds with the goal of providing long-term capital growth and steady income from a well-diversified strategy. There is no restriction on the market capitalization of the companies held. In times of increased market volatility, the composite characteristics may change significantly. Although the strategy allows for equity exposure ranging between 40–70%, the typical allocation is between 55–65%. We may use closed-end or exchange traded funds to implement a tactical tilt or to enhance exposure to sectors or industries. In fixed income, we may use them to add value through sector swaps, such as moving out of Treasury bonds and into corporate when we believe the time is right. Through these assets, we intend to make portfolio adjustments in an effort to capitalize on fast-moving markets, something we could not do with small blocks of individual bonds. We will also employ closed-end and exchange-traded funds in the international and emerging markets equity asset classes. Through these structures, we will attempt to capitalize on opportunities across different overseas markets without the additional expense of trading on overseas exchanges. The minimum account size for this portfolio is \$100,000.
- *Current Equity Income:* This model is designed for investors seeking current equity income with potential long-term capital appreciation. This portfolio focuses on meeting its objective by utilizing dividend-paying equities that we believe have sustainable dividends, moderate growth potential, and a collective current yield that is higher than the current broad market average. It is comprised of U.S. Securities that have an above market dividend yield, have not had a dividend cut in 5 years, and have increasing projected dividends over the next 5 years. There is no restriction on market capitalization of the companies held, however the portfolio generally is comprised of more Large Cap Value oriented stocks. The portfolio is fully invested in equities. The minimum account size for this portfolio is \$100,000.
- *Conservative Growth:* This model invests in U.S. and International equities and investment-grade bonds with the goal of providing long-term capital growth and

steady income from a well-diversified strategy. There is no restriction on the market capitalization of the companies held. In times of increased market volatility, the composite characteristics may change significantly. Although the strategy allows for equity exposure ranging between 60–85%, the typical allocation is between 70–80%. We may use closed-end or exchange traded funds to implement a tactical tilt or to enhance exposure to sectors or industries. In fixed income, we may use them to add value through sector swaps, such as moving out of Treasury bonds and into corporate when we believe the time is right. Through these assets, we intend to make portfolio adjustments in an effort to capitalize on fast-moving markets, something we could not do with small blocks of individual bonds. We will also employ closed-end and exchange-traded funds in the international and emerging markets equity asset classes. Through these structures, we will attempt to capitalize on opportunities across different overseas markets without the additional expense of trading on overseas exchanges. The minimum account size for this portfolio is \$100,000.

- *ETF Conservative Growth:* This model invests in U.S. and International equities and investment-grade bonds with the goal of providing long-term capital growth and steady income from a well-diversified strategy. There is no restriction on the market capitalization of the companies held. In times of increased market volatility, the composite characteristics may change significantly. Although the strategy allows for equity exposure ranging between 60–95%, the typical allocation is between 80–90%. We Primarily use closed-end or exchange traded funds to implement a tactical tilt or to enhance exposure to sectors or industries. In fixed income, we may use them to add value through sector swaps, such as moving out of Treasury bonds and into corporate when we believe the time is right. Through these assets, we intend to make portfolio adjustments in an effort to capitalize on fast-moving markets, something we could not do with small blocks of individual bonds. We will also employ closed-end and exchange-traded funds in the international and emerging markets equity asset classes. Through these structures, we will attempt to capitalize on opportunities across different overseas markets without the additional expense of trading on overseas exchanges. This portfolio is available to all account sizes within our managed program.
- *Moderate Growth:* This model invests in U.S. and International equities and investment-grade bonds with the goal of providing long-term capital growth and steady income from a well-diversified strategy. There is no restriction on the market capitalization of the companies held. In times of increased market volatility, the composite characteristics may change significantly. Although the strategy allows for equity exposure ranging between 60–95%, the typical allocation is between 80–90%. We may use closed-end or exchange traded funds to implement a tactical tilt or to enhance exposure to sectors or industries. In fixed income, we may use them to add value through sector swaps, such as moving out of Treasury bonds and into corporate when we believe the time is right. Through these assets, we intend to make portfolio adjustments in an effort to capitalize on fast-moving markets, something we could not do with small blocks of individual bonds. We will also employ closed-end and exchange-traded funds in the international and emerging markets equity asset classes. Through these structures, we will attempt to capitalize on opportunities across different overseas markets without the additional expense

of trading on overseas exchanges. The minimum account size for this portfolio is \$100,000.

- *ETF Moderate Growth:* This model invests in U.S. and International equities and investment-grade bonds with the goal of providing long-term capital growth and steady income from a well-diversified strategy. There is no restriction on the market capitalization of the companies held. In times of increased market volatility, the composite characteristics may change significantly. Although the strategy allows for equity exposure ranging between 60–95%, the typical allocation is between 80–90%. We Primarily use closed-end or exchange traded funds to implement a tactical tilt or to enhance exposure to sectors or industries. In fixed income, we may use them to add value through sector swaps, such as moving out of Treasury bonds and into corporate when we believe the time is right. Through these assets, we intend to make portfolio adjustments in an effort to capitalize on fast-moving markets, something we could not do with small blocks of individual bonds. We will also employ closed-end and exchange-traded funds in the international and emerging markets equity asset classes. Through these structures, we will attempt to capitalize on opportunities across different overseas markets without the additional expense of trading on overseas exchanges. This portfolio is available to all account sizes within our managed program.
- *Long Term Growth:* This model invests in U.S. and International equities and investment-grade bonds with the goal of providing long-term capital growth and steady income from a well-diversified strategy. There is no restriction on the market capitalization of the companies held. In times of increased market volatility, the composite characteristics may change significantly. Although the strategy allows for equity exposure ranging between 70–100%, the typical allocation is between 90–100%. We may use closed-end or exchange traded funds to implement a tactical tilt or to enhance exposure to sectors or industries. In fixed income, we may use them to add value through sector swaps, such as moving out of Treasury bonds and into corporate when we believe the time is right. Through these assets, we intend to make portfolio adjustments in an effort to capitalize on fast-moving markets, something we could not do with small blocks of individual bonds. We will also employ closed-end and exchange-traded funds in the international and emerging markets equity asset classes. Through these structures, we will attempt to capitalize on opportunities across different overseas markets without the additional expense of trading on overseas exchanges. The minimum account size for this portfolio is \$100,000.
- *ETF Long Term Growth:* This model invests in U.S. and International equities and investment-grade bonds with the goal of providing long-term capital growth and steady income from a well-diversified strategy. There is no restriction on the market capitalization of the companies held. In times of increased market volatility, the composite characteristics may change significantly. Although the strategy allows for equity exposure ranging between 70–100%, the typical allocation is between 90–100%. We Primarily use closed-end or exchange traded funds to implement a tactical tilt or to enhance exposure to sectors or industries. In fixed income, we may use them to add value through sector swaps, such as moving out of Treasury bonds and into corporate when we believe the time is right. Through these assets, we intend to make portfolio adjustments in an effort to capitalize on fast-moving

markets, something we could not do with small blocks of individual bonds. We will also employ closed-end and exchange-traded funds in the international and emerging markets equity asset classes. Through these structures, we will attempt to capitalize on opportunities across different overseas markets without the additional expense of trading on overseas exchanges. This portfolio is available to all account sizes within our managed program.

- *Severin Relative Strength*: This is a rules-based model calculated by Standard & Poor's Custom Indexes. The index is predicated upon the 14-Day Relative Strength Index. The Relative Strength Index - RSI is a momentum indicator that measures the magnitude of recent price changes to analyze overbought or oversold conditions. The tactical overlay will shift the assets to short-term treasuries predicated upon technical analysis should market conditions warrant. The index methodology selects 40-50 stocks derived from the GICS sectors that make up the Standard & Poor's 500 Index and which offer the highest risk-adjusted returns as of the last trading day of the month. Technical indicators are utilized on each sector individually to determine whether to be in a bullish or defensive posture. All constituents of Severin Investments Relative Strength Index must be constituents of the Standard & Poor's 500 Index. It is benched to the S&P 500 Index.
- *Severin Aggressive Growth Index*: This is a rules-based model that focuses on delivering alpha by selecting 40-50 stocks derived from the GICS sectors that make up the Standard & Poor's 500 Index and which have the greatest price appreciation potential on a month-to-month basis. The index is predicated upon multiple valuation methods including but not limited to Cash to Total Asset Ratio, Cash to Price Ratio, and Cash to Adjusted Enterprise Value Ratio. Technical indicators are utilized on each sector individually to determine whether to be in a bullish or defensive posture. There is no minimum or maximum weighted allocation to any or all sectors. All constituents of Severin Investments Aggressive Growth Index must be constituents of the Standard & Poor's 500 Index. The index is benched to the Standard & Poor's 500 Index.

### **Information Regarding All Managed Accounts**

We maintain and monitor all Client accounts indirectly through our monitoring and management of the model portfolios. When using mutual funds, we use only no-load or load-waived mutual funds in managed accounts. However, we rarely use mutual funds. We prefer to use ETFs because they trade like stock throughout the day rather than only at the end of the day. They also tend to have much lower and more transparent internal fees, which is something we watch very closely when choosing a mutual fund or ETF.

Regardless of your account size, your IPS is the driver of our investment advice. Larger accounts hold individual stocks, bonds and cash equivalents, plus ETFs or mutual funds as necessary. For smaller accounts or relationships, we limit the security holdings to ETFs and/or mutual funds. However, your IPS identifies which model is used for your account assets (based on the model's risk and return characteristics).

Our understanding of our models' duration, asset allocation, and risk tolerance levels allows us to match your account to a model based on your needs. Your portfolio may be customized

to reflect any restrictions you wish to have on the account. The procedure involving account restrictions is described below under “Restrictions”.

Our model portfolios are created with varying return expectations and levels of risk. The models first contain strategic asset allocation with specific allocations to large capitalization, mid-capitalization and small-capitalization equity securities and / or ETFs. Then, we balance the equity allocations with fixed income and cash strategies.

We may use exchange traded funds (ETFs) or mutual funds to implement a tactical tilt to a portfolio or to enhance exposures to industries or sectors. In fixed income decisions, we may use ETFs or mutual funds to add value through sector swaps, such as moving from Treasury bonds to corporate bonds, if we believe the timing is correct to do so. By using ETFs, we can make portfolio adjustments to capitalize on fast-moving markets, which is a much more efficient method than trading in smaller blocks of individual bonds.

We may use ETFs or mutual funds to obtain diversification and exposure to international / emerging market equity asset classes. Through these securities, we attempt to capitalize on opportunities across various overseas markets without the additional expense and risk exposures that trading on overseas exchanges would expose us to.

ETFs and mutual funds also provide us the ability to gain exposure to commodities and alternative asset classes, including real estate (typically through real estate investment trusts, or REITS, which are traded on national exchanges and provide immediate liquidity).

### Investment Discretion

We provide portfolio management services on an investment discretionary basis only for our private clients and any individual with whom we have a sub-advisory agreement. Please see Item 16 for more information. The investment discretionary authority we have (through a limited power of attorney) is defined in the written advisory agreement we have with you.

Investment discretion means we have the authority to determine the securities to purchase, sell or hold for your account, the amount of the securities to purchase, sell or hold and the timing of these transactions without discussing the transactions with you in advance. Clients may impose reasonable restrictions on our discretionary portfolio management services.

### Restrictions

Client requests for investment restrictions (no sin, tobacco, etc. or tax harvesting) shall be reviewed and determined as reasonable restrictions by SI. If we believe initial or revised restrictions are too broad or extensive; we may refuse to open a new account, or, we may terminate an account as we would not be able to properly diversify the account assets. We will certainly work with Clients who have personal and specific restrictions to determine if we can accept those restrictions consistent with our fiduciary obligations and contractual provisions. Investment restrictions must be provided in writing and accepted by SI to be implemented. The client must also sign an attestation stating they understand their restrictions may change the risk profile of their portfolio and the restrictions will positively

or negatively affect investment performance. We will typically document Client imposed restrictions on the IPS.

Updates to any imposed restrictions may be made and shall be submitted in writing as well. Amendments are not implemented until received and accepted by SI, typically by mutual agreement and as documented in the IPS.

#### Updates to your personal information

We request that you provide notification to SI as soon as possible when there is a material change to your financial situation or investment / risk profile that may have an impact on the services provided. These can include: death, marriage, inheritance, birth of a child, divorce, new job, loss of job, accident, medical emergency, etc.

#### Retirement Rollovers-Potential for Conflict of Interest

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Adviser recommends that a client roll over their retirement plan assets into an account to be managed by Adviser, such a recommendation creates a conflict of interest if Adviser will earn an advisory fee on the rolled over assets. No client is under any obligation to rollover retirement plan assets to an account managed by Adviser. Adviser's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.

#### **Services to Account Relationships Greater Than \$100,000 (or accounts custodied at Folio)**

Our preference is to manage account assets that exceed \$100,000 on an active basis through the utilization of individual stocks and / or bonds, supplemented with mutual funds or exchange traded funds (ETFs) as may be necessary or appropriate. Accounts custodied at Folio may also be managed using these models, as Folio aggregates accounts, allowing individuals to own fractional shares. For these Client relationships, we manage several model portfolios which guide our investment advice provided to each Client. Your IPS indicates any customization necessary to the appropriate model used as the starting point for your account(s). Each portfolio includes a mix of the following asset classes: (excluding our Current Equity Income Portfolio)

- Domestic equity, including Real Estate Investment Trusts (or REITs)
- Fixed income securities
- American Depositary Receipts (ADRs, which are shares of foreign issuers registered and traded on US exchanges)
- Commodity ETFs
- Emerging market and international ETF

Stock and bond driven Investment Portfolios for accounts greater than \$100,000 include:

- Current Equity Income
- Conservative Growth
- Moderate Growth
- Moderate Growth & Income
- Long-Term Growth

In some circumstances, we may determine one of our ETF portfolios is appropriate for an account valued greater than \$100,000. These portfolios are listed below:

- ETF Conservative Growth
- ETF Moderate Growth
- ETF Long Term Growth
- Conservative Income
- Moderate Income

### **Services to Account Relationships Under \$100,000**

For accounts at \$100,000 or under, we will manage your account assets on an active basis; however, the portfolio holdings and investment models we use are limited to ETFs (exchange traded funds) or mutual funds only. Your IPS drives customization to the appropriate models (as we determine necessary) based upon your individual needs and objectives. We manage six different portfolios under our ETF asset allocation program. These models include the following:

- ETF Conservative Growth
- ETF Moderate Growth
- ETF Long-Term Growth
- Conservative Income
- Moderate Income

ETFs included in these various models can include:

- Equity (domestic and foreign exposure)
- Cash alternatives
- Fixed income (domestic and foreign exposure)
- REIT (real estate investment trusts – which we consider to be an equity asset)
- Commodities

### **Wrap Fee Program**

We have developed and sponsor our own Wrap Fee Program, the Severin Investments Wrap Fee Program (referred to as the “Wrap Fee Program”). Only our investment advisor representatives can open accounts for clients through the Wrap Fee Program. Therefore, participants in the Wrap Fee Program must be advisory clients of Severin Investments. All clients in the wrap fee program must execute a Wrap Fee Program Portfolio Management Agreement prior to establishing an account(s) through the Wrap Fee Program. Under the Wrap Fee Program, we provide investment supervisory services defined as giving

continuous investment advice to a client and making investments for the client based on the individual needs of the client. Through this service, we offer a customized and individualized investment program for clients. Participation in our wrap fee program is not required of advisory clients, and there are no differences between the management styles of a wrap fee portfolio or one that's not. There is a difference between the fees. Our wrap fee covers all trading costs associated with the trade of a security. The accounts that are not wrap fee accounts are charged our fee as well as the cost to make the trade. As the sponsor of the wrap program, SI receives a portion of the wrap fee for our services.

All our modeled portfolios are available under the Wrap Fee Program. However, specific investment restrictions may be crafted to focus on the specific client's goals and objectives.

This section is intended as a summary of the Wrap Fee Program. Clients contracting for the Wrap Fee Program will receive the Severin Investments Wrap Fee Program Brochure which provides detailed information regarding Wrap Fee Program.

## **2. Institutional Retirement Services**

We offer investment advisory services to fiduciaries of 401(k) plans. The service will invest primarily in models comprised of stocks, bonds, and ETFs that are tailored to meet the needs of each participant. Primarily stock and bond portfolios are generally recommended for participants with greater than \$100,000 invested in the plan. ETF portfolios are generally recommended for participants with less than \$100,000 but greater than \$20,000 invested in the plan. For those with less than \$20,000, individual ETFs are available for use. Plan participants can consult with a SI Advisor for advice on which modeled portfolios and/or individual ETFs are best suited for the participant's needs and risk tolerance at no additional cost.

The investments we select may include, but are not limited to, the following types of securities:

- Exchange-listed securities
- Exchange Traded Funds (ETFs)
- Mutual Funds
- Corporate debt securities
- United States governmental securities

Model portfolios managed by Severin Investments are selected based on their suitability as part of a range of investment choices within a defined contribution plan. While they are actively managed according to risk tolerance, they are managed per the model and not for the specific individual.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the responsibilities of a plan fiduciary as defined by the Department of Labor.

### **3. Consulting, Monitoring & Advice Services for 401k Retirement Assets**

SI's Clients may request us to provide our professional expertise in the management of a Client's retirement (typically, but not always) 401k assets. This is a stand-alone service, meaning we require Clients to enter into a Consulting, Monitoring and Advice 401k service agreement. Consulting and Monitoring services are significantly different when compared to our Portfolio Management Services as described above.

Under this consulting service, we provide asset allocation recommendations based upon:

- Securities available to participants within your 401k plan (as determined by the Plan's Trustees or other fiduciary to the plan); and,
- Your account value as determined by your custodian / administrator of your 401k account

As a result, we provide asset allocation recommendations based solely on the 401k account assets you own. These assets are held by the custodian or administrator of your 401k Plan. Severin Investments has *no investment discretionary authority* over the management of these assets.

SI will help you determine the most appropriate asset allocation of these 401k retirement assets. This may or may not include the development of an IPS. After entering into a Consulting and Monitoring agreement with you, we will initially and periodically (quarterly or yearly as determined necessary) make recommendations to your asset allocations across the available securities in your 401k plan.

Although SI cannot place the transactions at your 401k broker / custodian, we will provide continuous monitoring services over the securities (and your asset allocation) within your 401k. To do so, we will rely on each Client to provide confirmation of transactions to us, which will reflect your implementation of the asset allocation recommendations we provide to you. We may also request that SI be identified with your 401k provider as an "interested party" to receive duplicate confirmations of transactions and duplicate copies of your monthly / quarterly account statements. This will facilitate our monitoring services to determine if you were able to implement recommended transactions.

You are not required to follow our asset allocation decisions or recommendations. However, the value of the service is to allow SI and our Investment Professionals to assess each security available in your 401k plan and make recommendations, if any, to change your allocations initially and periodically (also called rebalancing). Thus, we are assisting you in the alignment of your asset allocation to meet your financial goals (retirement).

### **4. Buy and Sell Signal Consulting**

We provide consulting services to broker-dealers, other investment advisers and portfolio managers under contractual agreements. As such, we relay proprietary buy and sell signals and allocation percentages to these firms for a fee. We do not implement the investment

recommendations nor do we arrange for their implementation. The implementation of any or all recommendations is solely at the discretion of the client.

## **5. Financial Planning**

SI also provides advice in the form of a written (comprehensive) or limited (consulting) financial plan.

### **Comprehensive Plans**

When providing Comprehensive Financial Planning services, we take a holistic approach for you and your family. The topics include, but are not limited to the following:

- Goals and objectives
- Personal and family obligations
- Educational needs for children
- Retirement planning
- Tax management / planning
- Estates and estate plans; and
- Risk management (i.e., insurance protection)

Through personal and in-depth interviews, we tabulate your personal data in third party financial planning software which utilizes various predictions / models to estimate and provide recommendations on courses of actions you should follow. This written plan is a roadmap for you to use as a guide to achieve your stated financial goals and objectives. Plans are “generic” in nature, so financial planning recommendations are not specific to any product or service offered by a broker-dealer or insurance company. As plan recommendations are generic in nature, you are also free to utilize any broker or insurance agency you choose to implement plan recommendations.

We request that our Comprehensive Planning Clients meet with us at least annually to update the Plan, in part by assessing the success of the plan over the previous 12 months. In addition, a change in your personal circumstances should be communicated to us as soon as possible. These events can significantly impact Plan recommendations. Examples include:

- Marriage or divorce
- Birth of a child
- Death in the family
- New dependents (i.e., caring for elderly family members)
- Change or loss of jobs
- Medical conditions
- Inheritance
- Other

### **Limited Planning Services**

From time-to-time, Clients may have a need for more limited / consultative planning services. To facilitate this type of financial planning, SI is available to provide investment

advice in a more limited nature, which may include advice on any of the topics included in our Comprehensive Financial Planning service.

### **Assets Under Management:**

As of February 20, 2019, we were managing \$74,000,000 of client assets on a discretionary basis and \$4,000,000 of client assets on a non-discretionary basis, for a total of \$78,000,000 under management. We provide buy-sell signal consulting on \$20,000,000 of assets.

## **ITEM 5 – FEES AND COMPENSATION**

Our fees for advisory services are described below. Each of our services is provided separately. As a result, you may have multiple agreements with SI for Portfolio Management and/or 401k Consulting and Financial Planning as described below.

### **1. Portfolio Management Services**

#### **Sub-Advisory Services**

Fees charged are quoted as an annual asset-based fee. Severin Investments has discretion to bill directly to the client account, and we bill based on the average daily balance of the account in the model during the billing cycle. By default, we will bill monthly in advance, however, we can bill to match how the advisor bills the clients for convenience. If the advisor bills quarterly or in arrears, we can also bill this way.

Fees charged are flat fees based on a percentage of assets managed, which are negotiable.

#### **Portfolio Management for Individuals**

Fees charged are quoted as an annual asset-based fee, billed differently depending on the policies of the account custodian.

*LPL Financial:* The account is billed quarterly in advance directly by the custodian using the average daily value (market value or fair market value in the absence of market value) of the client's account during the billing cycle.

*TD Ameritrade, Interactive Broker:* The account is billed monthly in advance based on the average daily value of the client's account during the billing cycle. Severin Investments calculates and submits the fee to be debited from the account.

*Folio:* The account is billed monthly in advance based on the ending market value of the account on the last business day of the preceding month. The custodian calculates and debits the fee.

Fees charged are tiered fees. This means that the total or aggregated assets under our management (per account) dictate the fee schedule you are charged as indicated below. The total fee is calculated by applying different rates to different portions of your total assets managed by SI.

The discretionary fee schedule below is our maximum fee schedule. This maximum fee is higher than you may receive elsewhere. However, most advisory fees only include financial advice. Our maximum fee encompasses financial advice, active portfolio management, and ticket charges. Both asset breakpoints and the fee applied at each tier may be negotiable. Your specific fee is documented in the Portfolio Management Agreement we have with you.

**Discretionary Fee Schedule**

<b>Assets Managed:</b>	<b>Tiered Fee is:</b>
\$500,000 or under	2.80%
Over \$500,000 up to \$1 million	2.50%
Over \$1 million to \$5 million	1.40%
Over \$5 million	Negotiable

Severin Investments charges a maximum administration fee on non-discretionary accounts of 1.95% of account assets. Non-discretionary accounts are not invested in SI’s models, and are holding only securities that the client has chosen. We will not provide advice or research regarding the securities within these accounts. However, we will maintain the accounts along with your discretionary accounts and place trades at your direction. This fee may be negotiable. The negotiated fee will be reflected in the client’s portfolio management agreement.

Adviser imposes a minimum annual fee of \$1,500 per household unless otherwise negotiated.

Criteria we use in negotiating asset-based fees are based upon and not limited to the following:

- Number of actual accounts
- Size of the relationship
- Inclusion of Financial Planning services
- Relationship growth opportunities
- Investment restrictions
- Other factors

**Account minimums:**

Severin Investments does impose a minimum account size of \$50,000 and a minimum household of \$500,000 to open an account.

## **Grandfathering of Minimum Account Requirements:**

Pre-existing advisory clients are subject to SI's minimum account requirements and advisory fees in effect at the time the client entered the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

## **Fees pro-rated:**

The length of the billing cycle depends on the custodian that is used for the account. Accounts custodied at LPL Financial are billed in advance on a quarterly billing cycle, which may or may not be calendar quarters. Accounts custodied at TD Ameritrade, Interactive Broker, and Folio are billed in advance on a monthly billing cycle.

For account(s) opened during a billing cycle, portfolio management fees are pro-rated contingent on the number of days the account was open during the billing cycle that our services were provided. The date on which the pro-rated fee is charged depends on the custodian of the account.

*LPL Financial:* Pro-rated fees for partial billing cycles are based on average daily balance of the account during the partial billing cycle. The pro-rated fee is added to the next billing cycle's fee so it appears as one line item on the statement.

*TD Ameritrade, Interactive Broker:* Pro-rated fees for partial billing cycles are based on average daily balance of the account during the partial billing cycle. The pro-rated fee is charged along with the next billing cycle's fee, and is shown as a separate line item on the statement.

*Folio:* Pro-rated fees are charged based on the starting value of the account, and are charged immediately. This fee is shown as a separate line item on the statement.

Refunds are also pro-rated based on the number of days the account was open during the billing cycle.

## **Fee Payment:**

Fees will be debited from the account in accordance with the client authorization in the Portfolio Management Agreement.

In paying fees for portfolio management services, we request you authorize us, in the Portfolio Management Agreement we have with you, the direct debiting of our fees:

Fees are Direct Debit: Our advisory fees, as described above, initially and every fee cycle thereafter, are debited (deducted) from your custodial account(s). This authorization will be both in the Portfolio Management Agreement we have with you and in the account application you enter into with your custodian.

Your custodian will send you a statement at least quarterly which is mailed directly to you (or made available electronically) which shows:

- All transactions in your account

- Positions
- Income
- Debits and credits into or out of the account, including the amount of the advisory fee paid to SI for the period

Note: Direct debit of your advisory fees *are not applicable* to 401k consulting services, buy/sell signal consulting or financial planning services.

Even though the debit request is calculated on the daily account values as calculated by a third party (Black Diamond or the custodian), we encourage you to confirm the fee calculation and its accuracy as processed by your custodian.

### **Wrap Fee Program**

Clients participating in wrap fee programs may be charged various program fees in addition to the advisory fee charged by our firm. Specifically, IRA accounts under \$250,000 custodied at LPL Financial are also subject to an additional \$40 custodian fee per year. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge or ticket charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any other separate program fees that may be charged to clients.

### **Termination**

The advisory agreement for SI's portfolio management services may be terminated by either party upon delivery of written notice to the other. Upon termination, SI will cease providing investment advice and all transactions placed prior to termination will be allowed to settle. Pre-paid and unearned fees will be refunded by check or credit back to the account within 60 days of termination.

## **2. Institutional Retirement Plan Fees**

The fees for services to defined contribution plans are determined by placing bids and are negotiable.

## **3. Consulting, Monitoring, & Advice Services for 401k Retirement Assets**

SI charges an hourly fee billed at the completion of the service for 401k monitoring and consulting services. There is no minimum 401k account size we impose; however, we will tell you if we believe the value is too small for us to "actively" monitor and provide allocation recommendations.

Fees for this service are \$300 per hour spent creating the asset allocation for the client charged in 15-minute increments. The minimum charge for this service is \$150.

Under certain circumstances, this fee may be negotiable. The exact fee is documented in the 401k Consulting, Monitoring and Advice agreement we have with you.

**Fee Payment:**

We will invoice each 401k Client for the fee due and payable based on the amount of time required to prepare the recommendations.

Fees invoiced are due and payable within 30 days of the date of the invoice and are paid by personal check payable to Severin Investments, LLC.

**Termination:**

A 401k consulting agreement may be terminated by either SI or a Client by written notice delivered to the other. Upon the effective date of termination, we will cease providing services to you; fees for services due and payable will be invoiced.

**4. Buy and Sell Signal Consulting**

Our annual fee is based upon a percentage of assets under advisement and generally range from 0.25% to 0.50%.

Billing terms vary and are based on a written agreement with the Client.

A minimum of \$1,000,000 of assets under advisement is required for this service.

**5. Financial Planning Services**

If you engage SI to *provide a comprehensive financial plan or financial planning services only*, we will charge a fixed base rate plus an hourly fee for the time billed for our investment professional.

Comprehensive Financial Plan

A full comprehensive financial plan has a base fee of \$500 plus an hourly rate of \$300 per hour to build the plan. This rate is billed in 15-minute increments. Your advisor will meet with you to determine your needs and provide you with an estimate for the plan. While your final bill may be less than the estimate, it may not exceed the estimate by greater than \$300, or one hour of work. If your needs and circumstances change in a way that would cause the plan to take more time to create, the advisor will issue you a new estimate before proceeding. The \$500 base fee is due before the advisor begins to build the plan. The remaining hourly rate is due prior to or at the time of plan presentation. There are no additional fees for your advisor to present your plan or go over it with you if you have managed accounts with Severin Investments. If you do not have portfolio management accounts with us, the hourly rate will apply to the advisor's presentation of your plan, and this will be reflected in your estimate. The comprehensive financial plan is yours to take home in a binder. Updates to your plan will only require the hourly consulting rate of \$300 charged in 30-minute increments. The advisor will also endeavor to use information from previous plans built with us to cut down on time used to build subsequent plans.

### Limited Financial Planning / Consulting

Our clients' IPS is essentially an investment plan. It is comprised of information that we feel is necessary to properly invest our clients' assets, and it is included in our wrap fee program at no additional charge. However, some clients may need limited financial planning or consulting services that are outside the day-to-day activities of managing our portfolios. These services may include but are not limited to calculating cost basis on stocks, research on stocks that fall outside the scope of our portfolios, looking up and recalculation of insurance and annuity products, filling out class action lawsuit forms on stocks, etc. These services are available at \$300 per hour, which may be negotiable.

### Additional Information Regarding Financial Planning Services

Any and all insurance products sold in connection to limited or comprehensive financial plans pay a commission to Severin Investments, LLC and to the advisor. Severin Investments has one advisor, John Matthew Meyer, who is also a registered representative of a broker/dealer (LPL). This can potentially create a conflict of interest for Mr. Meyer in that he has the ability to issue variable life insurance products in addition to fixed products. He may have incentive to issue a variable product with greater commission over a fixed product with less commission.

All commissions are not negotiable. All flat and hourly fees are negotiable unless otherwise stated. All legal and attorney fees as may be required to build a trust, will, etc. are a separate fee from Severin Investments, LLC fees.

All clients that have invested with Severin Investments, LLC portfolios will have account access online with access to a written report of the financial plan.

It is our goal to provide Comprehensive Plans as soon as possible. Sometimes, obtaining all necessary information can take several weeks or even months for complex plans. We strive to present written Plans within 120 days of entering into the Planning Agreement with you.

If a planning agreement is terminated prior to the comprehensive or limited service completion, we will bill for our services based upon the hourly rate (\$300 per hour) for the services provided. In the case of a comprehensive planning agreement being terminated before the final plan is presented, we will determine the final fee based on the number of hours spent on the comprehensive plan.

Fees are due and payable within 30 days of the final invoice. We will also refund any pre-paid fees that were not earned by SI, should either of us terminate the planning agreement prior to the conclusion of the service.

### **Termination**

Planning agreements may be terminated at any time by written notice delivered to the other party.

## **Additional Compensation**

Management personnel and other related persons of our firm are licensed as insurance agents. In their separate capacities, these individuals can implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in an insurance product which results in a commission being paid to the individuals. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

## **General Information on Advisory Services and Fees**

### **Electronic Communications / Authorization**

In the written agreement with you, SI will request your authorization to allow SI to communicate with you through electronic means, such as email or secure portals. We will require your primary email addresses for all signers of our advisory agreements.

### **Services Offered to Family or Friends**

Our services are available to family members or friends of our employees at fee schedules that are lower than disclosed above.

### **Additional Expenses**

The investment management services provided by SI include ETFs, mutual funds, individual stocks, bonds, and cash equivalents. Consequently, it is important that you understand that:

- The investment of your account assets in exchange traded funds, mutual funds, and other securities will incur additional expenses and fees as the shareholder / investor in these securities. These additional expenses include:
  - Advisory / management fees charged by the ETF or mutual fund (as described in each ETF and mutual fund prospectus) to shareholders
  - Administrative and operational expenses
  - Trading commissions, as applicable, paid by shareholders of ETFs and mutual funds
  - Exchange and government fees
  - 12b-1 fees (mutual funds)
  - Other

Therefore, in evaluating our investment management services, please take into consideration not only SI's advisory fee, but also the fees and expenses of the underlying securities that we purchase on your behalf. You may contact us at any time to discuss these additional expenses or costs, as they may apply to you.

Additional fees or expenses you will incur. These fees and expenses are not included in the advisory fees (described above) that you pay to SI. We also do not pay all of these fees related to your security transactions; we pay only those fees charged by your

broker/custodian which are commissions or ticket charges. We do not participate, directly or indirectly in any of these fees that you pay to others:

- Deferred sales charges (on mutual funds or annuities)
- Odd-Lot differentials
- Transfer Taxes
- Wire transfer and electronic fund processing fees
- Commissions or mark-ups / mark-downs on security transactions (no principal transactions occur in accounts managed by SI)
- Among others that may be incurred

### **Services available from other sources**

You should also be aware that similar advisory services may be available from other sources at fee levels higher or lower than those charged by SI. In addition, you do not need to hire SI to invest in the securities utilized in the portfolio management or 401k consulting services we provide. However, you will not receive the benefit of our expertise if you do not engage us to manage or monitor your assets.

### **Valuations**

SI does not, itself, value the securities in your accounts actively managed by us. Your custodian values all securities held in your accounts under our management.

Depending on the custodian firm where your assets are held, portfolio management advisory fees are calculated by either your custodian or Black Diamond, a third party firm, based upon your custodian's valuation of your account assets at inception and quarterly or monthly thereafter, including through the date of termination of an advisory agreement.

Your custodian is your official record-keeper of capital gains, losses and tax reporting for annual tax returns and related information.

### **Delivery of Disclosure Brochures**

We provide all prospective clients this ADV Part 2A / B and Part 2A Appendix 1: Wrap Fee Program Brochure, if required, prior to the execution of an agreement for services. If we provide our disclosure brochures 48 hours before, or at the time you entered into an agreement with us, you have the right to terminate the agreement without penalty within 5 business days of the date you execute the agreement with us.

#### *For residents of California:*

*All material conflicts of interest under CCR § 260.238(k) are disclosed regarding our firm, our representatives and any employees which could be reasonably expected to impair the rendering of unbiased and objective advice.*

*CCR §260.238(j), California Code of Regulations requires that all investment advisers disclose to their advisory clients that lower fees for comparable services may be available from other sources.*

*Pursuant to CCR § 260.235.2, a conflict exists between the interests of the investment adviser or associated persons (IARs) and the interest of the client; the client is under no obligation to act upon the investment adviser or associated person's recommendation. If the client elects to act on any of the recommendations the client is under no obligation to effect the transaction through the investment adviser, the associated person when the person is an agent (RR) with a licensed broker dealer or through any associate or affiliate of such person.*

*For residents of Illinois:*

*Pursuant to Section 130.846 of the Administrative Rules of the Illinois Securities Law of 1953: Unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contact without incurring any advisory fees.*

**ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge advisory fees based on a share of capital gains upon or capital appreciation of the funds (or any portion of the client funds) or securities (performance-based fees).

**ITEM 7 – TYPES OF CLIENTS**

We provide our discretionary investment management services to the following types of Clients:

- Individuals and high net worth individuals
- Trusts, estates, charitable organizations
- Trustees/Sponsors of Defined Contribution Plans
- Other entities

As previously disclosed in Item 5, our firm has established certain minimum account requirements, based on the nature of the service(s) being provided. For a more-detailed understanding of those requirements, please review the disclosures in each applicable service.

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

**Method of Analysis and Sources of Information:**

Investment advice is provided by a team of three (3) individuals who comprise SI's "Investment Strategy Committee."

The Committee analyzes securities we may use for Client's accounts based upon two methodologies:

- Fundamental Analysis. Defined as a method of evaluating a security that considers future, intrinsic value by reviewing related economic, financial and other factors. We consider as many data points as we can that might affect the security's value.
- Technical Analysis. Defined as an analysis discipline used for forecasting the direction of stock / market prices through the study of past market data, primarily price and volume. Many believe technical analysis is a key component of active portfolio management; we believe that the utilization of both fundamental and technical analysis provides SI with our best understanding of our conclusions and assumptions.

In concert with our analysis methodology, we utilize several tools to conduct our internal (and proprietary) research / analysis. These tools include, but are not limited to:

- Standard and Poors
- Market data
- Liquidity debtrations
- 52-week average forecasts
- Internal research; and
- Charting software to best align portfolio decisions with risk / reward objectives

We also may determine to overweight or underweight a certain market sector, or market capitalization of a security based on our assessment of the various datapoints.

As described under Item 4, we utilize our model portfolios as a guide to build efficient portfolios for each Client, based upon your IPS and the resulting correlation between your needs and each model.

As long-term investors (we typically hold positions for 24 months, although market conditions can impact our decision making), we define our entrance and exit strategies for individual security positions. Of course, we utilize asset allocation and protect portfolios by limiting the exposure of any one equity security, typically (but not always) to 2% of the portfolio value at purchase. In addition to asset allocation, we also use beta and standard deviation that coincide with our risk / reward assumptions<sup>2</sup>.

Asset allocation also attempts to mitigate portfolio exposure (risk) by covering all equity sectors, and in some cases, asset classes. When using cash or the fixed income asset class, we may include:

- Short, intermediate or long-term US Treasury securities
- Credit bonds
- Agencies
- Corporate
- Municipal bonds; and,
- Preferred equity

Through the use of the platform made available to us by your Custodial Firm, we have access to over 8,000 no-load or load-waived mutual funds from more than 450 fund families. We can also purchase, sell or hold:

- Individual stocks
- Bonds
- ETFs
- UITs
- Alternative assets (we access these typically through ETFs)
- Options
- Other

### **Retirement Plans:**

In formulating our investment advice and managing assets within a defined contribution plan, we review and assess the performance of the investment options within a plan to ensure a broad range of investment opportunities are available to participants. We also review and assess the performance of the investment options to ensure they reflect the broad spectrum appropriate to the age and risk tolerance of plan participants. We evaluate the cost of each investment with respect to alternative investments of a similar nature. We evaluate Model Portfolios and Target Date Funds with respect to their suitability for the age band specified by the investment.

### **Risk of Loss:**

Investments in securities always carry the potential for the risk of loss. Your decision to invest in securities carries the potential for a loss of your invested assets (your principal amount) or any appreciation of your holdings that have not been realized (those securities that were not sold to lock in the appreciation, i.e., profit). Losses in an investment portfolio are a potential event you should be prepared to bear.

The following items are security specific risks applicable to securities or strategies we use in managing your portfolios:

- Alternative strategy mutual funds or ETFs. Certain ETFs and mutual funds we may use in our models and accounts invest primarily in alternative investments and/or strategies. Investing in these alternative investments / strategies may not be suitable for all our Clients. These include special risks, such as those associated with commodities, real estate, and leverage, selling securities short, use of derivatives, potential adverse market forces, regulatory changes and potential ill-liquidity. There are special risks associated with ETFs that invest principally in real estate securities, such as sensitivity to changes in real estate values and/or changes in interest rates and price volatility due to the ETF's concentration in the real estate market.
- ETFs. These securities are investments companies that are legally classified as "open end mutual funds" or "unit investment trusts" (UIT). They differ from open end (traditional) mutual funds through, primarily, the fact that ETFs are listed and traded on an exchange. Shares of ETFs can be purchased and sold throughout the trading day

like share of other publicly traded securities (equities). ETFs may trade at a discount or a premium to their net asset value. The difference between the bid (what someone is paying for the ETF) and ask (what it costs to buy the ETF) is called the spread. The spread varies over time with the bid and ask, based upon several factors including trading volume and market liquidity. Spreads tend to be lower if the ETF has a lot of trading volume and liquidity; higher if there is little trading volume or liquidity.

- Note that ETFs that invest in commodities are not registered as investment companies.
- Exchange Traded Notes (ETNs). Although not typically used by SI, they may be when appropriate and suitable, specifically government agencies (US Government) notes. ETN is a senior, unsecured debt obligation designed to track the total return of an underlying index or benchmark. They can be linked to a variety of assets; commodity futures, currency, or equities. ETNs are listed on an exchange, however, they are not a mutual fund and do not have a net asset value. The ETN trades at the prevailing market price with a bid and ask. ETNs have several risks: repayment of principal, interest (if any) and the payment of any returns at maturity or upon redemption are all based upon the issuer's ability to pay. If the issuer's credit rating is downgraded, that may adversely impact the ETN's price. In addition, the correlation between the ETN and any index or variations from the index can also cause the ETN to have additional risks.
- Leveraged and Inverse ETFs and ETNs. Leveraged securities such as ETFs and ETNs sometimes labeled as "ultra" or "2x" for example, are designed to provide a multiple of the underlying index's return, typically daily.
  - Inverse products are designed to replicate the opposite of the return, meaning "short" the index, typically daily. These products, due to leverage and inverse replication are riskier than their traditional counterparts. Although these securities are designed to provide returns that correspond to the underlying index, they may not replicate the performance of the index because of fund costs and other factors. This difference is called "tracking error". Resetting of returns within the security will add to the tracking error and will add to the security's cost. The result is the inability of the security to achieve its objective.
  - Compounding returns can also produce a divergence from the underlying index over time, especially for leveraged securities. In volatile markets with large positive and negative swings, return distortions are magnified over time.
  - As a result, these securities should be actively monitored, as frequently as daily and are generally not appropriate for medium to long term holding strategies. To accomplish the objectives, these securities use many strategies, including swaps, futures contracts or other derivatives. These securities may not be diversified, may be based on commodities or currencies and may have higher fees / costs or expense ratios those more traditional ETFs and UITs. They may not be tax efficient either.

- Options: Limited to Covered Calls / Spreads. SI may use options, a covered call against securities a Client owns to generate additional income. To protect downside risk, we may also purchase put options to balance the option writing. Purchasing put options for securities held in the account is a form of hedging to downside risk. Clients should be aware that options increase overall portfolio risks, including tax implications in taxable accounts. In rapidly rising markets the call options sold on your holdings may cause the security to be called away, then your account no longer holds the security. You receive the strike price of the call you sold. The risk of buying puts is limited to the cost of the premium SI paid on your behalf if the put is not exercised or sold.

SI does not use or permit the following in Portfolio Management Client Accounts:

- Structured Products
- Hedge Fund or Managed Futures
- Variable Annuities
- Margin Accounts
- Check writing or debit cards

We do not represent to any Client, either directly or indirectly, any level of performance or any representation that our professional services will not result in a loss to your invested assets. As an investment adviser, we attempt to manage risk exposures and to prevent losses; however, losses cannot be prevented in all cases.

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<sup>2</sup> Beta is a number which describes the correlated volatility of an asset (security) in relation to the volatility of a benchmark that the asset is being compared to. Benchmarks include the Dow Jones 30 Industrials and the S & P 500, among others. Standard deviation is a mathematical formula / measurement of the variation (or dispersion) that exists from the average (or mean or expected value) of an asset. Low standard deviation means that the data points tend to be close to the mean (average); high standard deviation means that the data points are more spread out over a larger range of values, thus, more dispersion of results / returns.

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

We (Severin Investments, its owner and employees) have no history of legal or disciplinary events to disclose to you as Clients or prospective clients of SI.

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

Management personnel of our firm and our employees, in their individual capacities, are licensed insurance agents. As such, these individuals can receive separate, yet customary commission compensation resulting from implementing insurance product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of additional compensation by SI and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Clients are not under any obligation to engage SI's management personnel and employees when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client. SI endeavors always to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- We disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- We conduct regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

#### **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANS ACTIONS, AND PERSONAL TRADING**

SI has adopted a Code of Ethics which covers many areas related to our advisory practice, fiduciary obligations to clients, and potential / actual conflicts of interest, among other areas. These include the following:

Personal Securities Trading: We obtain and maintain records of all employees, and their beneficial ownership account personal trade records (in reportable securities as defined in the Code). These are provided initially upon hire and quarterly thereafter.

Insider Trading Prohibitions: We have in place written procedures as required by Section 204A under the Investment Advisers Act of 1940, prohibitions on the use of material, non-public information (also known as insider trading).

General Prohibited Practices: Activities which are prohibited practices. Since SI is a fiduciary to its clients (we must put your interests before our own), we have adopted a Code of Conduct or Code of Ethics that governs our advisory practice.

***The Code of Ethics (Code) requires the following:***

1. Disclosure (upon hire and annually thereafter):
  - a. The members of each employee's household
  - b. All brokerage accounts or accounts where reportable securities may be purchased, sold or held
  - c. All private placement securities
  - d. All non-custodied securities
  - e. All outside business activity
2. Placement of securities on our restricted list which prevents employees from communicating or disseminating any information when SI is in possession of material non-public information on any security. This restriction is not lifted until the information is available generally to the investing public. Although we do not believe or contemplate the possession of material, non-public information, this situation can always occur.
3. We receive and monitor the personal securities transaction reports of our employees, their immediate family members (living in the employee's household), and beneficial ownership accounts (as that term is defined in the Code) to ensure clients' interests are placed first. These records are obtained on a quarterly basis through access to the employee's accounts through LPL, TD Ameritrade, Folio or Interactive Broker or, if the assets are held at other custodians, through duplicate confirmations and statements delivered directly to SI and Jeffrey Severin.
4. Prohibits the purchase of an Initial Public Offering on a security by employees or their immediate family members.
5. Requires pre-clearance of any private placement security by an employee or immediate family member.
6. We maintain required books and records of the Code; employee / beneficial ownership account trading activity.

In addition, we take our role as a fiduciary seriously. We have a high regard for ethical business, full and fair business disclosure, and compliance, generally. We prohibit any activity that puts our interests in front of those of our advisory clients.

If you would like a copy of our Code of Ethics, please contact Jeffrey Severin, CCO at (314) 983 - 2707.

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<sup>6</sup> This restriction means we do not communicate, take action for ourselves or any client account or communicate material non-public information either directly or indirectly to any person.

## **ITEM 12 – BROKERAGE PRACTICES**

As our firm does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct SI as to the broker-dealer to be used. SI may recommend that clients in need of brokerage services establish brokerage accounts with one of the following custodians. Factors that SI considers in recommending a broker include the broker's respective financial strength, reputation, execution, pricing, research and service. TD Ameritrade, Folio, Interactive Broker and LPL enable SI to obtain many mutual funds without transaction charges and many securities at nominal transaction charges.

### **TD Ameritrade**

SI may recommend that clients establish brokerage accounts to participate in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC, an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. SI receives some benefits from TD Ameritrade through its participation in the Program. Although we may recommend that clients establish account(s) at TD Ameritrade, it is the client's decision to custody assets with TD Ameritrade.

### **Interactive Broker**

SI may recommend that clients establish brokerage accounts to at Interactive Broker, member FINRA/SIPC, an independent and unaffiliated SEC-registered broker-dealer. Interactive Broker offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Although we may recommend that clients establish account(s) at Interactive Broker, it is the client's decision to custody assets with Interactive Broker.

### **LPL Financial LLC**

SI may recommend that clients establish brokerage accounts with LPL Financial LLC ("LPL"). We have evaluated LPL and believe that they will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients. In directing the use of LPL, it should be understood that we will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. Clients should note, while we have a reasonable belief that LPL is able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers. Not all advisers require clients to direct use of a particular broker-dealer.

### **Folio Investments, Inc.**

SI may recommend that our portfolio management clients use the custodial and brokerage services of Folio Investments, Inc. ("Folio"), which is a, SEC-registered online broker-dealer, and FINRA and SIPC member firm. In recommending Folio, we have taken into account

Folio's ability to provide professional services, our experience with Folio, their reputation, their quality of execution services, and the cost of such services. Among other factors, as part of the standard packages of services available to all advisers and their clients who use Folio as a custodian, Folio offers a unique "window trading" methodology for executing orders (described in detail on [www.folioclient.com](http://www.folioclient.com)); a model manager exchange; advisory fee billing services; online access to the Folio platform to enter orders, view account information and use tax management functionality; and performance reports. Our firm conducts periodic assessments of custodians involving a review of the range and quality of services, reasonableness of fees, among other items, in comparison to industry peers.

While we may recommend that you use Folio, it is your decision whether to do so. You open your account directly with Folio by entering into an account agreement. We do not open a Folio account for you, although we will assist you in doing so.

### Potential Conflict of Interest

One of our investment advisor representatives, John Matthew Meyer, is also a registered representative of LPL Financial. Because he is dually registered as a broker, this may create some conflicts of interest. For example, a conflict may arise when deciding whether to open an advisory account or a brokerage account for a client. He may be inclined to open the type of account that he feels will yield a better payout rather than the most appropriate type of account for the client.

SI is independently owned and operated and is not affiliated with TD Ameritrade, Interactive Broker, Folio or LPL.

### **Directed Brokerage:**

When you determine to utilize TD Ameritrade, Interactive Broker or LPL ("broker"), we then require you to "direct" us to place all transactions for your account at broker. As a result, we do not evaluate other brokers, dealers or custodians for your account transactions. In addition, since SI pays all the ticket charges on your transactions, there is no incentive for SI to utilize any other broker or dealer.

This "directed brokerage" requirement is due, in part, to the types of securities we purchase, sell and hold for client accounts; and the fact that we pay all transaction costs as applicable (see Items 4 and 5).

In recommending and requiring you to evaluate, select and direct brokerage to TD Ameritrade, Interactive Broker, or LPL, we have evaluated the services provided to us and our Clients. In that evaluation, we have determined that these brokers provide an excellent blend of services, commission costs, (including no-cost for custodial services), along with other benefits that are beneficial to you and to us. Our review and assessment of these brokers (and other broker / custodians) included, but were not limited:

- Advisory service programs
- Commission charges, execution, clearance and settlement of transactions
- Ability to block trade
- Reputation and financial strength

- Free custody services for Clients
- No-transaction fee funds (mutual funds and ETFs)
- Access to institutional shares of no-load or load-waved mutual funds
- Duplicate confirmations and reports
- Dedicated trading desks / electronic trading
- Operational support (typically back office related services),
- Other

In your selection of a broker (and your direction for us to use a particular broker for account transactions), please be aware of the following:

In requiring the use of a particular broker-dealer as your directed broker, we are unable to seek out other brokers or dealers for your account transactions, or to negotiate commissions or transaction costs. As a result, you may pay higher prices (but not commissions or ticket charges as SI pays those, as applicable) through directed brokerage; when compared to investment advisers who have the brokerage discretionary authority to select the broker and negotiate commissions on a transaction-by-transaction basis. As a result, best execution for your transactions may not be achieved. Please note that best execution is not a defined term. It is comprised of a number of factors which equate the best overall execution for a particular transaction (price, commission, timing, etc.) based on the then current facts and circumstances.

Our portfolio management clients are unable to engage in directed brokerage with Folio Investments, Inc. We do not direct which executing broker should be selected by Folio for client account trades. Folio is unique in that it offers trading in fractional shares. To do this, Folio may act in a principal capacity.

### Ticket Charges & Trading Activity – Mitigated Conflict of Interest:

As described under Item 5, SI pays the ticket charges / commissions charged by TD Ameritrade, Interactive Broker and LPL for security transactions, if applicable. In typical situations, where the client of an investment adviser pays the commissions on a transaction-by-transaction basis, there is a conflict of interest to excessively trade a client's account, thus generating additional commission revenue for the broker or custodian. In contrast, under many wrap fee programs, the conflict of interest is exactly the opposite. The investment adviser may not place security transactions because the costs associated with trading are borne by the sponsor of the wrap fee program. This leads to lower trading volume / turnover. Severin Investments has removed this conflict of interest by negotiating a percentage fee of assets under management with our custodians in lieu of ticket charges. This keeps trading costs constant no matter how often we trade and removes the disincentive to make trades. Thus, ticket charges are not a factor when deciding what securities to select and how frequently to place transactions in your accounts under our management.

### Other Fees / Expenses:

The confirmations of your security transactions are received directly from your broker and may include miscellaneous fees which are not paid by SI. These fees may include:

- Exchange fees (charged by the New York Stock Exchange)
- SEC fees
- Wire transfer or similar fees
- Express mail fees
- Among others

Confirmations of Transactions: You will receive, directly from your broker, a confirmation of each transaction we place on your behalf as your registered investment adviser. These confirmations are provided directly to you via US Postal Service or electronically as you may elect with your broker. We are also provided a copy of all confirmations for information and reconciliation purposes.

Custodial Reports: In addition, you will typically receive a monthly custodial report directly from your broker on your account(s). This report will reflect all current positions, all transactions, including debits and credits made to your account(s) during the time period. These are sent directly to you by your broker with copies provided to us through electronic means.

### **Trading Activity – Ticket Charges**

If your account is not within our wrap fee program, a ticket charge is generated whenever we place a transaction for your account at TD Ameritrade, Interactive Broker, or LPL. Rather than generating ticket charges, Folio charges the client an asset-based fee to cover unlimited trading. Severin Investments does not cover ticket charges generated outside of our wrap fee program, and this cost is debited from the clients' account by the custodian.

### **For Clients subject to ERISA:**

In selecting and directing us to place all transactions for your account(s) at a particular broker, you have independently evaluated the broker and, as the plan fiduciary, have determined that the selection and directed brokerage to the broker is in the best interests of the Plan and the Plan's participants.

You have also evaluated and will continue to evaluate the brokerage and execution services provided by your broker to ensure they are reasonable considering the services provided to the Plan and its Participants.

### **Trade Errors:**

At times, an error may occur in a Client account that results in a loss or a profit. If SI caused the error, we will correct the error and make your account whole in the case of a loss in your account(s). If your broker / custodian caused the error, the error will be corrected and your account will be made whole if the error resulted in a loss.

In addition, if the error results in a gain in your account, the error will be corrected; your broker will retain the error and place the amount in the broker's error account. SI does not participate, directly or indirectly in activity related to your broker's error account.

We maintain records of all errors, including the original trade ticket, trade date, error correction date (cancel / rebill transactions), identification of who caused the error and the results of the error (profit or loss).

If the error is caused by another party (other than SI), the party (ies) that caused the error has the responsibility to make the impacted Client(s) whole. If there is shared responsibility for the error, including SI, each party involved will pay their pro-rated portion of the error (in the case of a loss).

### **Prohibited Brokerage Practices:**

SI does not utilize or participate in the following prohibited brokerage practices:

- ☒ Soft dollar services
- ☒ Cross transactions or agency cross transactions
- ☒ Principal transactions
- ☒ Directed brokerage to pay for Client referrals: SI does not have brokerage discretionary authority; therefore, we do not have the ability to pick brokers or negotiate commissions for any Client. As a result, we require Clients to direct us, in writing, to use a specific custodian / broker or dealer for your transactions.

### **Soft Dollars**

SI currently does not maintain any arrangements with broker-dealers or third parties for "soft dollar benefits" in connection with client securities transactions.

SI may receive benefits for maintaining a certain dollar threshold of client assets at a given custodian. Unlike soft dollar benefits, these benefits do not depend on the amount of

brokerage transactions directed to the custodian. SI may receive some or all the benefits listed below:

- access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide pricing and other market data
- facilitate payments of SI's fees
- assist with back-office functions, record keeping and client reporting
- research related products and tools
- technology, compliance, legal, and business consulting
- educational conferences and events
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants, and insurance providers

Some of these products and services benefit SI and do not directly benefit client accounts. This is a potential conflict of interest. SI manages this potential conflict of interest by periodically comparing the fees charged and services offered by its custodians with those offered by other custodians.

### **Block Trading**

We will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. We will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Our block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with SI's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable SI to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) SI's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on SI's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

Our firm does not aggregate purchases and sales for various client accounts at Folio. However, orders are aggregated by Folio as part of its patented "Window Trade" process. Instead of being executed immediately, Folio Window orders are processed one or more times per day and executed generally around 11 a.m. ET and 2 p.m. ET. In the Window Trade process, Folio aggregates orders designated for trading in the Window based on the ticker symbol of each security and whether it is a buy or sell order. An aggregated order may include any combination of orders from your accounts, other customer accounts, and Folio's firm account. Folio generally routes aggregated orders to a market maker for execution or to a mutual fund company for fulfillment. Folio may also execute Window orders entirely by using its own inventory of securities. All Folio customers receive the same execution price for any given Window trade.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **Reviews:**

Account / portfolio reviews are conducted periodically to confirm that performance is consistent with our expectations, our model portfolios and Client's IPS. The frequency and scope of the reviews depends on several factors, including but not limited to:

- Contributions or withdrawals of cash from an account
- Change in the investment restrictions or investment objectives
- Client requests, such as tax-loss harvesting
- Questions regarding performance or structure
- Dramatic market or world events

Due to the customized nature of our services, reviews are conducted informally on a continual basis by monitoring our securities held, the models and transactions, among other factors.

We review all accounts at least on a yearly basis. A more frequent review may be conducted when you alert us to a change in your personal or family obligations. As a result, we do request that you contact us should any changes occur in your personal financial situation which may impact the investment management services we provide to you.

### **Retirement Plans:**

Reviews: Assets in defined contribution plans managed by Severin Investments are monitored by Jeffrey Severin.

Reports: Trustees/Sponsors of defined contribution plans receive an annual summary report on the performance of plan assets.

Financial Plans (comprehensive / limited) and 401k Consulting: reviews as described are not applicable. However, we are available to review plans or 401k consulting as requested by each Client.

### **Reviewers:**

Our investment professionals, led by Jeffrey Severin, review all Client accounts. There are no limits on the number of reviews conducted or assigned to the investment professionals.

### **Reports:**

SI will issue quarterly reports to our Clients. The reports are issued to our private clients and are placed on our online portal. They will be mailed only to clients that elect to receive the quarterly report by mail. They include performance of your account on a time weighted basis and are intended to inform you as how your investments have performed for the time period. For an additional fee, SI may also generate these reports for accounts we sub-advise at the request of the advisor. In this case, the reports are sent directly to the advisor, and it is his/her responsibility to disseminate them to his/her clients.

These reports are in addition to your monthly (or quarterly) custodial reports issued directly to you by the custodian.

Clients have access to their portfolio(s) via their custodian and also through Severin Investments' client portal. In addition, you may elect with your custodian to receive information via electronic means only or through paper confirmations or statements.

Reports are not applicable to financial planning (comprehensive or limited) unless requested or contracted for separately. Reports are not applicable to the 401k consulting services as the assets are held by the plan's custodian or administrator.

Buy and Sell Signal Consulting Clients will receive our recommendations on a weekly basis. A "tear sheet" will be emailed to clients at the end of each week with information on the securities we purchased, including SI's purchase price and our rationale for the buy or sell recommendations.

**Notice for all Clients:**

SI encourages each Client to review the custodian's statement for the amount of the fee charged each billing cycle and compare confirmations of transactions with your custodial reports. If you have any questions on the information provided by your custodian, please contact SI.

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

### **Client Referrals:**

SI currently has no client referral agreements.

### **Solicitors:**

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees to compensate the Solicitor.

SI's referral agreement complies with Federal Regulations. As set out in 17 CFR Section 275.206(4)-3, and in each state where state law requires, each client is given a copy of the referral agreement prior to or at the time of entering into any advisory contract.

*As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.*

SI has engaged in a solicitor's arrangement with Wiser Advisor through placement on their third-party website in exchange for referrals/introductions. The website can be found at [www.wiseradvisor.com](http://www.wiseradvisor.com). This referral arrangement is a Cash Solicitor Agreement or Arrangement in compliance with the Cash Solicitation Rule under the Investment Advisers Act of 1940 and equivalent provisions of state law, including the State of Missouri. SI pays a flat fee to Wiser Advisor for listing on the website and the company's review of Jeff Severin and SI, (i.e. due diligence). Then, SI pays Wiser Advisor a one-time, fixed fee per identification of a prospective client.

Wiser Advisor conducts certain services for investment advisers such as SI. When investors seeking a registered investment adviser professional go to Wiser Advisor's website looking for an adviser, SI may be recommended, along with other advisers, to the prospective client based on zip code and Wiser Advisor's review (paid for by SI).

## **Additional Compensation:**

### Custodians

As disclosed under Item 12, above, SI participates in TD Ameritrade's institutional customer program and SI may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between SI's participation in the program and the investment advice it gives to its Clients, although SI receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors.

As disclosed under Item 12, SI may also recommend LPL, Interactive Broker, or Folio as broker/custodian. Please see Item 12 for more details about SI's relationship with TD Ameritrade, Interactive Broker, Folio, and LPL.

### Gifts/Non-Cash Compensation

Severin and its associated persons may receive additional non-cash compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually. It may also include an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Product sponsors may also pay for education or training events that may be attended by Severin's employees and associated persons.

## **ITEM 15 – CUSTODY**

Under the State of Missouri definition, directly debiting advisory fees from client custodial accounts is "custody."

However, SI is not required to disclose in ADV Part 1A that we have "custody" of clients' funds or securities, since this is our only form of custody. The investment advisory fees will be deducted from our clients' custodial account(s) and paid directly to SI by the qualified custodian(s). Clients will authorize the qualified custodian(s) of their account(s) to deduct fees from their account(s) and pay such fees directly to SI.

As part of the billing process, the qualified custodian is advised of the amount of the fee to be deducted from the clients' account(s). On at least a quarterly basis, the custodian is required to send each client a statement showing all transactions within the account during the reporting period.

It is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

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

As indicated under Item 4, SI has investment discretionary authority with respect to portfolio management services for Client accounts. Discretionary authority is provided to us in the written agreement you have with us.

Clients may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

### **ITEM 17 - VOTING CLIENT SECURITIES**

SI does not accept the authority or responsibility to vote proxies on behalf of any portfolio management Client. This is not applicable to 401k Consulting or planning.

You retain the right to vote your portfolio's proxy materials as you receive them directly from your custodian.

In addition, SI does not vote on or accept any authority to vote or process class action settlement claims (or other corporate actions) on your behalf. You retain responsibility for the receipt and voting of class action settlement claims for any and all securities held in your custodial accounts.

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

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. SI has no such financial circumstances to report.

Under no circumstances do we require or solicit payment of fees greater than \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

### **ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

**President:** Jeffrey J. Severin

**Chief Compliance Officer:** Jeffrey J. Severin

Formal education and business background: Please see the Part 2 B Brochure Supplements (attached)

SI is not engaged in any business activity other than giving investment advice.

Neither SI nor our supervised persons are compensated for advisory services with performance-based fees

SI is required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which the firm or management personnel were found liable or against whom an award was granted.

SI and its management personnel have no reportable disciplinary events to disclose. Neither SI nor its management personnel have a relationship or arrangement with any issuer of securities.

**PART 2 B OF FORM ADV: BROCHURE SUPPLEMENT**

**Item 1: Cover Page**

JEFFREY SEVERIN

CRD# 2345958

Severin Investments LLC

211 North Broadway, Suite 2925  
St. Louis, MO 63102

314.983.2707

FIRM CONTACT: Jeffrey Severin, President

**September 1, 2019**

**This Brochure Supplement provides information about Jeffrey J. Severin, which supplements our Part 2A, Firm Brochure. You should have received a copy of the Firm Brochure as we “attach” Part 2A / B together. Please contact Jeffrey Severin if you did not receive the Part 2A Brochure, or if you have any questions about the contents of this Supplement.**

**Additional information about Jeffrey J. Severin is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2: Educational Background and Business Experience

**Name:** Jeffrey Jon Severin

**Year of Birth:** 1955

### Formal Education after High School:

Americus University, BA, Finance, 1995

Americus University, Masters of Business Administration, 2003

### Business Background for Previous Five Years:

*President* 04/2013 - Present  
Severin Investments LLC

*Registered Rep; Insurance Agent* 05/2013 to 12/2016  
Broker dealer, Investment Adviser, Insurance Agency  
LPL Financial, LLC

*Registered Rep; IA Rep; Insurance Agent* 05/2009 to 05/2013  
Broker Dealer, Investment Adviser, Insurance Agency  
Wells Fargo Advisors Financial Network, LLC

### License / Exams:

NASD / FINRA Series:

7; 11/1999

24; 1/2004

63; 1/1994

65; 02/1999

## Item 3: Disciplinary Information

No events have occurred for Jeffrey Severin.

## Item 4: Other Business Activities

Registered Representative (See Item 4, 10 and 14 of the Form ADV, Part 2A, above), as Jeffrey J. Severin is an insurance agent. Jeffrey spends 30% of his time on non-investment advisory activities. Jeffrey also leases vehicles to Severin Investments, which does not require him to spend any time on non-investment related activities.

## Item 5: Additional Compensation

Customary commission compensation is earned by Jeffrey Severin as an Insurance Agent; see Items 4, 5, 10 and 14 of Form ADV, Part 2A, above for complete information.

## **Item 6: Supervision**

As the owner of SI, Jeffrey Severin supervises all investment advice provided to clients; he reports directly to the investment committee. Mr. Severin's phone number is provided on the cover this disclosure document should you need to reach him with any questions or concerns. You can also reach him by email at [jeff.severin@severininvestments.com](mailto:jeff.severin@severininvestments.com). Mr. Severin adheres to all policies and procedures as outlined in the firm's policies and procedures manual, including the Code of Ethics.

Should you require more information on Jeffrey or SI, please contact Jeffrey Severin at the phone number on the cover of this brochure or supplement, or email [jeff.severin@severininvestments.com](mailto:jeff.severin@severininvestments.com).

## **Item 7: Requirements for State-Registered Advisers**

Jeffrey Severin has no disciplinary events to disclose here related to any of the following:

- Arbitration;
- Awards of findings of liability;
- Award or finding of liability in civil, self-regulatory or administrative proceeding;
- Filing of bankruptcy petition.

**PART 2 B OF FORM ADV: BROCHURE SUPPLEMENT**

**Item 1: Cover Page**

**JOHN MATTHEW MEYER**

**CRD#1134716**

**Severin Investments LLC**

**211 North Broadway, Suite 2925  
St. Louis, MO 63102**

**314.983.2707**

**FIRM CONTACT: Jeffrey Severin, President**

**September 1, 2019**

**This Brochure Supplement provides information about John Matthew Meyer, which supplements our Part 2A, Firm Brochure. You should have received a copy of the Firm Brochure as we “attach” Part 2A / B together. Please contact Jeffrey Severin if you did not receive the Part 2A Brochure, or if you have any questions about the contents of this Supplement.**

**Additional information about John Matthew Meyer is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2: Educational Background and Business Experience

**Name:** John Matthew Meyer

**Year of Birth:** 1957

### Formal Education after High School:

University of South Carolina; BS Science & Mathematics 1979

The American College; Professional Designations CLU, ChFC; 1989

### Business Background for Previous Five Years:

<i>Investment Adviser Representative</i> Severin Investments LLC	01/2016 - Present
<i>Registered Rep; Insurance Agent</i> Broker dealer, Investment Adviser, Insurance Agency LPL Financial, LLC	01/2016 - Present
<i>Investment Adviser Representative</i> ECC Financial	01/2008 - 12/2015
<i>Registered Rep; Insurance Agent</i> Broker dealer, Investment Adviser, Insurance Agency LPL Financial, LLC	07/2007 to 01/2016

### Previous Securities Examinations:

FINRA Series 7 (1987)  
Series 6 (1983)  
Series 22 (1984)  
Series 24 (2007)  
Series 63 (1983)  
Series 65 (2007)

## Item 3: Disciplinary Information

Mr. Meyer does not have any history of disciplinary events.

## Item 4: Other Business Activities

Registered Representative (See Item 4, 10 and 14 of the Form ADV, Part 2A, above), as John Matthew Meyer is a RR and InsA with LPL a securities broker dealer and custodian of Portfolio Management Client assets. Matt spends 30% of his time on non-investment advisory activities.

## **Item 5: Additional Compensation**

Customary commission compensation is earned by John Matthew Meyer as a securities RR and Insurance Agent; see Items 4, 5, 10 and 14 of Form ADV, Part 2A, above for complete information.

## **Item 6: Supervision**

Jeffrey J. Severin, president, is responsible for all supervision of Mr. Meyer and formulation and monitoring of investment advice offered to Mr. Meyer's clients. Mr. Severin can be reached at (314) 983-2707 or at [jeff.severin@severininvestments.com](mailto:jeff.severin@severininvestments.com).

## **Item 7: Requirements for State-Registered Advisers**

John Matthew Meyer has no disciplinary events to disclose here related to any of the following:

- Arbitration;
- Awards of findings of liability;
- Award or finding of liability in civil, self-regulatory or administrative proceeding;
- Filing of bankruptcy petition.

**PART 2 B OF FORM ADV: BROCHURE SUPPLEMENT**

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**Item 1: Cover Page**

TESS NICOLE SEVERIN

CRD# 6347127

Severin Investments LLC

211 North Broadway, Suite 2925  
St. Louis, MO 63102

314.983.2707

FIRM CONTACT: Jeffrey Severin, President

**September 1, 2019**

**This Brochure Supplement provides information about Tess Severin, which supplements our Part 2A, Firm Brochure. You should have received a copy of the Firm Brochure as we “attach” Part 2A / B together. Please contact Jeffrey Severin if you did not receive the Part 2A Brochure, or if you have any questions about the contents of this Supplement.**

**Additional information about Tess Severin is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2: Educational Background and Business Experience**

**Name:** Tess Nicole Severin

**Year of Birth:** 1993

### **Formal Education after High School:**

University of Alabama, Tuscaloosa, AL  
BS in Finance, 2016  
University Honors  
Summa Cum Laude

### **Business Background for Previous Five Years:**

*Vice President* 06/2016 to Present  
Severin Investments, LLC

### **Securities Examinations:**

NASAA Series 65 (2016)

## **Item 3: Disciplinary Information**

No events have occurred for Ms. Severin.

## **Item 4: Other Business Activities**

Ms. Severin has no other business activities.

## **Item 5: Additional Compensation**

Ms. Severin does not receive any economic benefit from a non-advisory client for the provision of advisory services.

## **Item 6: Supervision**

Jeffrey J. Severin is responsible for the supervision of Ms. Severin and the formulation and monitoring of investment advice offered to Ms. Severin's clients. Jeffrey J. Severin can be reached at (314) 983-2707 or at [jeff.severin@severininvestments.com](mailto:jeff.severin@severininvestments.com).

## **Item 7: Requirements for State-Registered Advisers**

Tess Nicole Severin has no disciplinary events to disclose here related to any of the following:

- Arbitration;
- Awards of findings of liability;
- Award or finding of liability in civil, self-regulatory or administrative proceeding;
- Filing of bankruptcy petition

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**PART 2 B OF FORM ADV: BROCHURE SUPPLEMENT**

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**Item 1: Cover Page**

MARIO DE ROSE  
CRD# 5985546

Severin Investments LLC  
211 North Broadway, Suite 2925  
St. Louis, MO 63102

314.983.2707

FIRM CONTACT: Jeffrey Severin, President

**September 1, 2019**

**This Brochure Supplement provides information about Mario De Rose, which supplements our Part 2A, Firm Brochure. You should have received a copy of the Firm Brochure as we “attach” Part 2A / B together. Please contact Jeffrey Severin if you did not receive the Part 2A Brochure, or if you have any questions about the contents of this Supplement.**

**Additional information about Mario De Rose is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2: Educational Background and Business Experience**

**Name:** Mario De Rose

**Year of Birth:** 1989

### **Formal Education after High School:**

University of Missouri—Columbia  
BS in Finance & Banking, 2011

University of Missouri—St. Louis  
MBA in Finance, 2017

### **Business Background for Previous Five Years:**

*Portfolio Manager* 02/2019 to Present  
Severin Investments, LLC

*Operations & Controls Consultant* 04/2018 to 10/2018  
Pruco Securities, LLC

*Reporting Analyst* 07/2015 to 03/2018  
Scottrade, Inc

*Financial Markets Specialist* 12/2013 to 06/2015  
Thompson Reuters

### **Securities Examinations:**

NASAA Series 63 (2015)  
FINRA Series 7 (2015)  
NASAA Series 65 (2019)  
CFA (2109)

## **Item 3: Disciplinary Information**

No events have occurred for Mr. De Rose.

## **Item 4: Other Business Activities**

Mr. De Rose does not have any other business activity.

## **Item 5: Additional Compensation**

Mr. De Rose does not receive any economic benefit from a non-advisory client for the provision of advisory services.

## **Item 6: Supervision**

Jeffrey J. Severin, president, is responsible for the supervision of Mr. De Rose and the formulation and monitoring of investment advice offered to Mr. De Rose's clients. Mr. Severin can be reached at (314) 983-2707 or at [jeff.severin@severininvestments.com](mailto:jeff.severin@severininvestments.com).

## **Item 7: Requirements for State-Registered Advisers**

Mario De Rose has no disciplinary events to disclose here related to any of the following:

- Arbitration;
- Awards of findings of liability;
- Award or finding of liability in civil, self-regulatory or administrative proceeding;
- Filing of bankruptcy petition

## **SEVERIN INVESTMENTS, LLC PRIVACY DISCLOSURE**

Severin Investments treats our Client relationships in a confidential manner. We safeguard and protect all non-public personal information that we have on file for you. This may include the following information:

- Names
- Birth Dates
- Addresses
- Account numbers
- Phone numbers
- Portfolio Holdings and transactions
- Social Security Number
- Income and Tax Status
- Net worth
- Dependents, and
- Other information that is not publicly available

We do not share your information with any third party, except as may be required by Federal or State law or to provide those advisory services for which you have contracted with us.

We believe the confidentiality of your private information is a foundation of our trust and sound business practice. To that end, we restrict access to your confidential personal information to those who need access to that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards to comply with federal standards to guard your confidential personal information.

Safeguards employed to protect your non-public information include:

- Data back-up and storage
- User id and logins for each of our employees.
- Restrictions on employee access to data
- Other technology solutions as deemed necessary and appropriate

BECAUSE WE DO NOT SHARE YOUR INFORMATION, THERE IS NO OPPORTUNITY FOR YOU TO RESTRICT OUR USE OF YOUR DATA OR OPT-OUT. WE PROVIDE THIS PRIVACY DISCLOSURE TO YOU AT THE INCEPTION OF YOUR RELATIONSHIP WITH US, AND ANNUALLY THEREAFTER. IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT US AT (314) 983 2707 OR VIA EMAIL TO [INFO@SEVERININVESTMENTS.COM](mailto:INFO@SEVERININVESTMENTS.COM).