

## Item 1: Cover Page



# Form ADV Part 2A Investment Adviser Brochure

521 College Street  
Asheville, NC 28801  
Phone (828) 398-2802  
Fax (828) 398-2801 <http://www.act-advisors.com>

March 2022

This Brochure provides information about the qualifications and business practices of ACT Advisors, LLC. doing business as ACT Advisors or Act Advisors Wealth Management. If you have any questions about the contents of this Brochure, please contact us at (828) 398-2802 or through our website at <http://www.act-advisors.com>.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Act Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). References to Act Advisors as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## **Item 2: Summary of Material Changes**

### **Annual Update**

In this Item of ACT Advisors (ACT or the Firm) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment, dated March, 2021.

### **Full Brochure Available**

ACT's Form ADV may be requested at any time, without charge by contacting Jennifer English at 828.398.2802 or [Jennifer@act-advisors.com](mailto:Jennifer@act-advisors.com)

## Item 3: Table of Contents

<b>Item 1: Cover Page</b>	<b>1</b>
<b>Item 2: Summary of Material Changes</b>	<b>2</b>
<b>Item 3: Table of Contents</b>	<b>3</b>
<b>Item 4: Advisory Business</b>	<b>4</b>
<b>Item 5: Fees and Compensation</b>	<b>9</b>
<b>Item 6: Performance-Based Fees and Side-by-Side Management</b>	<b>13</b>
<b>Item 7: Types of clients</b>	<b>14</b>
<b>Item 8: Methods of Analysis, Investment Strategies and Risk of Loss</b>	<b>14</b>
<b>Item 9: Disciplinary Information</b>	<b>17</b>
<b>Item 10: Other Financial Industry Activities and Affiliations</b>	<b>18</b>
<b>Item 11: Code of Ethics, Participation or Interest in client Transactions and Personal Trading</b>	<b>20</b>
<b>Item 12: Brokerage Practices</b>	<b>22</b>
<b>Item 13: Review of Accounts</b>	<b>24</b>
<b>Item 14: Client Referrals and Other Compensation</b>	<b>26</b>
<b>Item 15: Custody</b>	<b>27</b>
<b>Item 16: Investment Discretion</b>	<b>28</b>
<b>Item 17: Voting Client Securities</b>	<b>29</b>
<b>Item 18: Financial Information</b>	<b>30</b>

## Item 4: Advisory Business

### **Background**

ACT Advisors, LLC (ACT Advisors Wealth Management, ACT Advisors, we, our, us) is an SEC registered investment adviser. Our founding members, Doug English and Roger Wesley (Wes) Johnson created the firm as a limited liability company in October of 2014 and registered it as an independent investment adviser. Wes Johnson remains as a registered representative of LPL Financial.

We have a fiduciary duty to all ACT Advisors clients. As a fiduciary, it is always our responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients. We require all of our employees to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times.

When dealing with investment advisory clients, our Investment Advisor Representatives (IARs) have an affirmative duty of care, loyalty, honesty, and good faith to act in the best interests of their clients. IARs should fully disclose all material facts concerning any conflict that does arise with these clients and should avoid even the appearance of a conflict of interest.

We and our IARs must abide by honest and ethical business practices including, but not limited to:

- Not inducing trading in a client's account that is excessive in size or frequency in view of the financial resources and character of the account;
- Making recommendations with reasonable grounds to believe that they are appropriate based on the information furnished by the client;
- Placing discretionary orders only after obtaining client's written trading authorization contained within the advisory agreement or via separate amendment;
- Not borrowing money or securities from, or lending money or securities to a client;
- Not placing an order for the purchase or sale of a security if the security is not registered, or the security or transaction is not exempt from registration in the specific state;

Both we and our IARs will:

- Allocate securities in a manner that is fair and equitable to all clients.
- Not effect agency-cross transactions for client accounts.

## **Registered Representatives**

Some individuals associated with ACT Advisors are also Registered Representatives of LPL Financial, an SEC registered broker/dealer, a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investors Protection Corporation (SIPC). ACT Advisors and LPL Financial are not affiliated legal entities.

## **Investment Management and Financial Planning and/or Consulting:**

ACT Advisors provides discretionary investment advisory services on a *fee* basis. ACT Advisors' annual investment advisory fee shall include investment advisory services. To the extent specifically requested by the client, ACT Advisors may be engaged to provide financial planning and consulting services for a separate fee as described in Item 5 below. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of ACT Advisors), ACT Advisors may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

To commence the investment advisory process, ACT Advisors will ascertain each client's investment objective(s) and then allocate the client's assets consistent with the client's designated investment objective(s). Once allocated, ACT Advisors provides ongoing supervision of the account(s). Before engaging ACT Advisors to provide investment advisory services or investment advisory services with financial planning and consulting services, clients are required to enter into an *Investment Advisory Agreement* with ACT Advisors setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

## **Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.**

To the extent requested by the client, ACT Advisors will generally provide financial planning and related consulting services regarding non-investment related matters, such as tax and estate planning, insurance, etc. ACT Advisors will generally provide such consulting services for a separate fee as set forth at Item 5 below. **Please Note:** ACT Advisors believes that it is important for the client to address financial planning issues on an ongoing basis. ACT Advisors' advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with ACT Advisors. **Please Also Note:** ACT Advisors **does not** serve as an attorney, accountant, or insurance agent, and no portion of our services should be construed as same. Accordingly, ACT Advisors **does not** prepare legal documents, prepare tax returns, or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purpose (i.e., attorneys, accountants, insurance, etc.). The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from ACT Advisors and/or its representatives. If the client engages any professional (i.e., attorney, accountant, insurance agent, etc.), recommended or

otherwise, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from the engaged professional. At all times, the engaged licensed professional[s] (i.e., attorney, accountant, insurance agent, etc.), and **not** ACT Advisors, shall be responsible for the quality and competency of the services provided.

### **Passive Strategy Asset Management**

This strategy is designed for clients seeking management of accounts valued at \$150,000 and below, where assets are primarily allocated to low-cost mutual funds issued by Dimensional Fund Advisors (“DFA”). In certain limited circumstances, accounts exceeding \$150,000.00 in value may be invested in this strategy. The specific funds will be selected that track appropriate equity and fixed income index returns as well as vehicles that are designed on a passive but non-indexed basis. Equity and fixed income weightings will be determined by the clients’ investment objectives and rebalanced no less than annually, but typically three to four times per year. Clients invested in this strategy are encouraged to discuss the strategy itself and its suitability, at least on an annual basis. DFA funds are only available through selected registered investment advisers. Therefore, upon the termination of our services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply.

### **Financial Planning Services**

To the extent requested and engaged by the client to do so, ACT Advisors will generally provide financial planning and related consulting services regarding non-investment related matters, such as tax and estate planning, insurance, etc. per the terms and conditions of a separate agreement and a separate fee as discussed at Item 5 below, the fee for which shall be based upon the individual providing the service and the scope of the services to be provided. Prior to engaging ACT Advisors to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with ACT Advisors setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to ACT Advisors commencing services.

### **Employer Sponsored Plans Participant Advice**

We offer advisory, consulting, and rebalancing services to the participants of employer sponsored plans (Participants). We use our research and asset allocation strategies, along with our knowledge of the participant’s personal financial objectives, to develop an investment mix within the available investment options in the plan. We regularly assess the investment mix and keep it up to date with any asset allocation moves in our strategies, subject to the limitations of the options available in the plan. We do not have custody or any ability to access or withdraw the funds in the plan.

### **Tailored Relationships**

We tailor investment advisory services to the individual needs of the client. The goals and objectives for each client are explored and documented. Our clients can impose restrictions on the investments in their accounts. We may accept any reasonable limitation or restriction to our discretionary authority on the account placed by the client. All limitations and

restrictions placed on accounts must be presented to us in writing.

### **Client Assets**

We offer asset management on a discretionary basis. As of December 31, 2021, we have \$389,880,184 in assets under management.

### **Use of Testimonials and/or Endorsements**

Effective May 4, 2021, the SEC adopted Rule 206(4)-1 under the Investment Advisers Act, known as the “Marketing Rule”. In addition to other activities, the new rule dramatically changed the use of testimonials by Investment Advisors registered with the SEC. The rule defines “testimonials” as any statement by a current client or investor in a private fund advised by the investment adviser (i) about the client or investor’s experience with the investment adviser or its supervised persons (ii) that directly or indirectly solicits any current or prospective client or investor to be a client of, or an investor in a private fund advised by, the investment adviser or (iii) that refers any current or prospective client or investor to be a client of, or an investor in a private fund advised by, the investment adviser. However, all testimonials, whether or not distributed to more than one person and whether or not otherwise constituting an “advertisement” are subject to numerous other requirements.

For all testimonials, an RIA must make five disclosures, namely:

A clear and prominent disclosure whether or not the provider of the testimonial is a client; If applicable, a clear and prominent disclosure that the provider has received cash or non-cash compensation, as the case may be;

A description of the material terms of the compensation provided, if applicable;

A clear and prominent brief description of all conflicts of interest resulting from the adviser’s relationship with the provider; and

A detailed description of the material conflicts of interest and/or the compensation arrangement if applicable.

Additionally, under the general prohibitions under the SEC New Marketing Rule a testimonial or endorsement in an advertisement may not:

- include an untrue statement of a material fact, or omit to state a material fact necessary to make the statement made, in light of the circumstances under which it was made, not misleading;

- include a material statement of fact that the adviser does not have a reasonable basis for believing it will be able to substantiate upon demand by the Commission;

- include information that would reasonably be likely to cause an untrue or misleading implication or inference to be drawn concerning a material fact relating to the adviser;

- discuss any potential benefits without providing fair and balanced treatment of any associated material risks or limitations;
- reference specific investment advice provided by the adviser that is not presented in a fair and balanced manner;
- include or exclude performance results, or presenting performance time periods, in a manner that is not fair and balanced; and
- otherwise be materially misleading.

Beginning in Q3 2021, at the conclusion of a client's annual review, ACT Advisors began asking all clients to post a review of ACT Advisors on Google. Act Advisors does not compensate clients for these reviews, nor does ACT exercise any editorial or content control over these reviews. Further, ACT cannot remove a review that is negative or unflattering, but Goggle may remove a review if, in Google's view, the review violates Google's standards.

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

We charge fees established in our written agreement with the client.

### **Investment Advisory Services**

ACT Advisors is generally compensated for its investment management services on an annual basis. ACT Advisors shall charge an annual investment management fee on a negotiable fee basis based upon a percentage of the market value of the assets being managed by ACT Advisors. Market value is defined as total value of assets in client's account plus any accrued interest. The Adviser Compensation shall be prorated and paid quarterly, in advance, based upon the market value of the Assets on the last business day of the previous quarter. Investment management fees are payable quarterly in advance unless a specific situation calls for a calculation in arrears. For those clients that engage ACT Advisors to provide investment supervisory services based upon a percentage of the market value of the assets under management, the investment management fee charged shall generally be 1.50% - 2.50%. If the fee is determined quarterly, in advance, based upon the market value of such assets on the last day of the previous quarter, the Firm's policy is to treat intra-account additions and withdrawals equally - unless indicated to the contrary on the Firm's Investment Advisory Agreement executed by the client. If the Client also engages ACT Advisors for financial planning and/or consulting services, ACT Advisors will generally charge the Client an additional \$500 monthly in advance for a minimum of 24 months. This fee is negotiable and may vary depending upon certain criteria.

### **Financial Planning and Consulting Services**

To the extent specifically requested by a client, ACT Advisors shall provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) per the terms and conditions of a separate agreement and a separate fee. The fee for which shall be based upon the individual providing the service and the scope of the services to be provided. Prior to engaging ACT Advisors to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with ACT Advisors setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to ACT Advisors commencing services.

ACT Advisors will generally charge the Client an additional \$500 monthly in advance for a minimum of 24 months. ACT Advisors' planning and consulting fees are negotiable and may vary depending upon certain criteria. The actual fee paid by the client will be detailed in the Financial Planning and Consulting Agreement signed by the client.

## **Passive Strategy Asset Management**

The annual fee is based on percentage of assets under management ranging up to a maximum of 2.5%. Most clients will pay less than the maximum fee.

The annual fee may be negotiated on a case by-case basis based on the asset under management size, and other variables. The minimum investment into the passive strategy is \$5,000. In certain limited circumstances, accounts exceeding \$150,000.00 in value may be invested in this strategy.

Passive strategy asset management fees are payable quarterly in advance unless a specific situation calls for a calculation in arrears. Passive strategy asset management fees are deducted from client accounts by qualified custodians. Clients provide the qualified custodian with written authorization to deduct fees and pay the fees to ACT Advisors.

## **Financial Planning and Consulting Services (Stand-Alone)**

To the extent specifically requested by a client, ACT Advisors shall provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. ACT Advisors' planning and consulting fees are negotiable but are generally \$500 monthly for a minimum of 24 months. This fee is negotiable and may vary depending upon certain criteria.

## **Employer Sponsored Plans Participant Advice**

The negotiable annual fee to receive customized advice and rebalancing on employer sponsored plans is based on percentage of assets in the sponsored plan ranging up to a maximum of 2.5%. Most clients will pay less than the maximum fee.

ACT Advisors will collect these fees in one of two ways:

- Fees will be direct billed from an investment account under management by ACT Advisors.
- Fees will be directly invoiced to the Participant.

Employer sponsored plan advice fees are payable quarterly in advance unless a specific situation calls for a calculation in arrears.

## **Other Information on Compensation**

Fees are typically based on the value of assets under management and will vary by engagement. Fees based on the value of assets under management are calculated based

upon the market value of the applicable assets on the last business day of the previous quarter. The amount of the fee will be set forth in the written agreement executed by the client at the time the relationship is established.

ACT Advisors, in its sole discretion, may negotiate its fees for investment management and financial and/or consulting services. Based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.), ACT Advisors may charge a lesser fee, charge a flat fee, waive its fee entirely, or charge fee on a different interval, based upon certain criteria. Additionally, certain legacy clients may receive financial planning services under different fee schedules than as set forth above. As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** ACT Advisors' Chief Compliance Officer, Jennifer English, remains available to address any questions that a client or prospective client may have regarding advisory fees.

### **Other Fees and Expenses Incurred in Connection with Advisory Services**

Unless the client directs otherwise or an individual client's circumstances require, we generally recommend that LPL Financial and/or TD Ameritrade serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as LPL Financial and TD Ameritrade charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity transactions, and mark-ups and mark-downs are charged for fixed income transactions). The amount of these commissions and/or transaction fees may vary depending upon a range of factors, which typically include the following: the broker-dealer/custodian utilized; the total value of regulatory assets under management held at the applicable custodian; the type of asset (e.g., equity, ETF, mutual fund, fixed income product). In addition, client accounts may invest in open-end mutual funds (including money market funds) and ETFs that have various internal fees and expenses (i.e., management fees), which are paid by these funds but ultimately borne by clients as a fund shareholder. These internal fees and expenses are in addition to the fees charged by Act Advisors.

### **Advisory Fee Refunds**

If the written agreement between the client and Act Advisors provides for payment in advance and is terminated before the end of the billing quarter, Act Advisors will refund the prorated portion of the advanced fee paid based upon the number of days remaining in the billing quarter. If the written agreement provides for payment in arrears and is terminated before the end of the billing quarter, Act Advisors will debit the account or charge the client as applicable for the prorated portion of the unpaid fee based upon the number of days that

services were provided during the billing quarter.

### **Commission Transactions**

Some individuals associated with ACT Advisors are also Registered Representatives of LPL Financial, an SEC registered broker/dealer, a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investors Protection Corporation (SIPC). ACT Advisors and LPL Financial are not affiliated legal entities. Clients can engage these individuals in their separate and individual capacities as Registered Representatives of LPL Financial to implement investment or insurance recommendations on a commission basis. If the client chooses to purchase investment products through LPL Financial, then LPL Financial will charge brokerage commissions to effect securities transactions. LPL would then pay a portion of the commissions to the applicable Registered Representative. The brokerage commissions charged by LPL Financial may be higher or lower than those charged by other broker-dealers. In addition, LPL and/or the Registered Representative, may also receive additional ongoing 12b-1 trailing commission compensation from the sale of mutual funds directly from the mutual fund company during the period that the client maintains the mutual fund investment.

The recommendation that a client purchase a commission product through LPL Financial presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products.

Clients may purchase investment products recommended by ACT Advisors' or LPL Financials' representatives through other, non-affiliated broker dealers or agents.

Act Advisors does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products Act Advisors recommends to its clients.

When Act Advisors' representatives sell an investment product on a commission basis, Act Advisors does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Act Advisors' representatives do not also receive commission compensation for such advisory services. However, a client may engage Act Advisors to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Act Advisors' representatives on a separate commission basis.

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

We do not charge performance-based fees because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## Item 7: Types of clients

The advisory services offered by us are available for individuals, high net worth individuals, individual retirement accounts (IRAs), banks and thrift institutions, pension, and profit-sharing plans, including plans subject to Employee Retirement Income Security Act of 1974 (ERISA), trusts, estates, charitable organizations, state and municipal government entities, corporations, and other business entities.

For asset management clients, we have a minimum account size of \$25,000. For passive strategy clients, we have a minimum account size of \$5,000.

Waivers or exceptions from the minimum account requirement may be granted at the exclusive discretion of ACT Advisors.

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

We purchase research from a variety of sources and rely on our research partners to guide our investment decisions. We, and our research partners, use a combination of Fundamental and Technical Analysis, as well as Modern Portfolio Theory in order to formulate investment advice when managing assets. Depending on the analysis, we will implement a long- or short-term trading strategy based on the objectives and risk tolerance of a particular client.

**Fundamental Analysis** concentrates on factors that affect asset class pricing relative to historical norms.

**Technical Analysis** involves the analysis of past market data, primarily price and volume. Technical analysis attempts to predict the direction of an asset class based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

**Modern Portfolio Theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets. Modern Portfolio Theory assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that

a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile (i.e., if for that level of risk an alternative portfolio exists which has better expected returns).

## **Risks**

Please note, investing in securities involves risk of loss that clients should be prepared to bear. There are different types of investments that involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Past performance is not indicative of future results.

Our methods of analysis and investment strategies do not represent any significant or unusual risks; however, all strategies have inherent risks and performance limitations such as:

**Market Risk** - the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or industries.

**Interest Rate Risk** - the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.

**Credit Risk** - the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.

**Mutual Funds** - Investing in mutual funds carries the risk of capital loss and thus an investor may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned below).

**Equity** - investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed Income** - investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs)** - An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes

up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a sizable portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a notable change in the attitude of speculators and investors.

**Annuities** - are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet retirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long term investments, to meet retirement and other long- range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Non-U.S. Securities** - present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

## **Item 9: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of ACT Advisors or the integrity of our management. We have no legal or disciplinary events to disclose.

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

### **Financial Industry Activities – Broker-Dealers**

As disclosed above, certain IARs are also registered representatives of LPL Financial, an unaffiliated SEC registered and FINRA/SIPC member broker/dealer. Clients engage an IAR in their capacity as a registered representative of LPL Financial, to implement investment recommendations on a commission basis. The recommendation by an ACT Advisors' representative that a client purchase a securities commission product from an ACT Advisors' representative in his/her individual capacity as a representative of ACT Advisors presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from a registered representative. Clients are reminded that they may purchase securities products recommended by an ACT Advisors' representative through other broker-dealers.

LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions, and holdings) about our clients, even if client does not establish any account through LPL Financial. If you would like a copy of the LPL Financial privacy policy, please contact Jennifer English, Chief Compliance Officer.

### **Financial Industry Activities – Futures and Commodities**

Neither we nor any of our management persons is registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

### **Financial Industry Affiliations – Insurance Broker or Agent**

Some of our IARs may be insurance agents. They offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client. Such potential conflicts of interest are subject to review by Jennifer English, Chief Compliance Officer. No client is under any obligation to purchase any insurance commission products from representatives of ACT Advisors. Clients are reminded that they may purchase insurance products recommended by ACT Advisors through other insurance agents.

### **Other Investment Advisors**

We may enter into agreements with various Independent Advisers. Under these agreements, we offer clients several types of programs sponsored by these advisers. All third-party investment advisers to whom the Adviser will refer clients will be licensed as investment advisers by their resident state and any applicable jurisdictions or registered investment advisers with the Securities and Exchange Commission.

After gathering information about a client's financial situation and investment objectives, we will assist the client in selecting a third-party program. We receive compensation pursuant to its agreements with this Independent Adviser for introducing clients to this Independent Adviser and for certain ongoing services provided to clients.

This compensation is disclosed to the client in a separate disclosure document and is typically equal to a percentage of the investment advisory fee charged by that third-party adviser or a fixed fee. The disclosure document provided by the Adviser will clearly state the fees payable to us and the impact to the overall fees due to these payments.

Since the compensation we receive may differ depending on the agreement with each Independent Adviser, we may have an incentive to recommend one Independent Adviser over another if the compensation arrangements are more favorable. Since the Independent Adviser may pay the fee for the investment advisory services the fee paid to us is not negotiable, under most circumstances.

In addition, if the investment program recommended to a client is a wrap fee program the client will also receive the wrap fee brochure provided by the sponsor of the program.

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

We maintain a Code of Ethics (Code), which serves to establish a standard of business conduct for all IARs and employees that are based upon fundamental principles of openness, integrity, honesty, and trust. Our firm, IARs and employees must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients.

The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions and Holdings
- A prohibition on Insider Trading
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

The Code includes guidelines regarding personal securities transactions of its IARs and employees. The Code permits IARs and employees to invest for their own personal accounts in the same or different securities that an IAR or employee may purchase for clients. This presents a potential conflict of interest because trading by an IAR or employee in a personal securities account in the same or different security on or about the same time as trading in a client account could potentially disadvantage the client. We address this conflict of interest by requiring in our Code that IARs and employees report certain personal securities transactions and holdings to the Chief Compliance Officer for review. In addition, the Code requires pre-clearance of certain transactions. The Chief Compliance Officer is an interested party on all advisor account held away from the qualified custodian(s) and receives duplicate statements.

Upon employment and at least annually thereafter, all IARs and employees will sign an acknowledgement that they have read, understand, and agree to comply with the Code.

Clients and prospective clients can obtain a copy of our Code of Ethics by contacting Jennifer English, Chief Compliance Officer.

### **Other Conflicts of Interest**

Directors, officers, IARs and employees always have a duty to act in the best interests of clients. As part of this duty, directors, officers, IARs and employees are prohibited from engaging in any transaction which involves an improper conflict of interest.

A "conflict of interest" exists when a person's private interests interfere in any way with the interests of ACT Advisors. A conflict situation can arise when a director, officer, IAR or employee takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest may also arise when a director,

officer, IAR or employee, or members of his or her family, receives improper personal benefits as a result of his or her position at ACT Advisors. Loans to, or guarantees of obligations of, IAR or employees and their family members may create conflicts of interest.

It is almost always a conflict of interest for an IAR or employee to work simultaneously for a competitor, customer, or supplier. IARs or employees are not allowed to work for a competitor as a consultant or board member. Our policy is to avoid any direct or indirect business connection with our customers, suppliers, or competitors, except on our behalf.

Conflicts of interest are prohibited unless they have been approved by us. Wherever a conflict of interest arises, the IAR or employee involved must promptly disclose the circumstances of the conflict to the Chief Compliance Officer.

### **Participation or Interest in Client Transactions – Material Financial Interest**

We nor our IARs recommend to clients or buy or sell for client accounts, securities in which they have a material financial interest.

### **Participation or Interest in Client Transactions – Principal/Agency Cross**

We will not affect any principal or agency cross securities transactions for client accounts.

### **Participation in the No Transaction Fee ETF and Mutual Fund Program at LPL Financial**

One of our recommended broker-dealers, LPL Financial, offers no transaction fee trading for some mutual fund and ETF transactions. In our managed accounts, clients do not pay brokerage commissions to IAR for transactions in the account; however, the client pays LPL a transaction charge for the purchase and sale of certain securities in the account. The transaction charges are paid directly to LPL to defray costs associated with trade execution and are not shared with IAR. For ETFs, the transaction charges are either \$0 or \$9.00. For mutual funds, the transaction charges range from \$0 to \$20.00. We have a fiduciary responsibility to recommend investments that best suit our clients' needs. Recommended investments may not currently be a part of the no transaction fee trading program at LPL. Clients should understand that the cost to client of transaction charges may be a factor that the IAR considers when deciding which securities to select and how frequently to place transactions in their account, but it will not be the only factor.

## **Item 12: Brokerage Practices**

### **Soft Dollar Benefits**

We do not receive formal soft dollar benefits other than execution, research, and support services from broker/dealers in connection with client securities transactions.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker/dealers.

### **Client Directed Brokerage**

While not routine, a client may direct us to use a broker-dealer to execute some or all transactions for the client. This brokerage direction must be requested by the client in writing. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by us. By directing brokerage, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Not all advisers require or allow their clients to direct brokerage. Subject to our duty of best execution, we may decline a client’s request to direct brokerage if, in our sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

If the client requests us to arrange for the execution of securities brokerage transactions for the client’s account, we shall direct such transactions through broker-dealers that we reasonably believe will provide best execution. We shall periodically and systematically review our policies and procedures regarding recommending broker-dealers to our client in light of our duty to obtain best execution.

### **Brokerage Selection**

We generally recommend LPL Financial and/or TD Ameritrade, both members of FINRA/SIPC (Selected Broker/Dealers). Selected Broker/Dealers are widely recognized independent, and unaffiliated FINRA member broker-dealers. Selected Broker/Dealers offer independent investment advisers program services which include custody of securities, trade execution, clearance, and settlement of transactions.

The primary factors considered in our decision to recommend Selected Broker/Dealers include financial strength and the quality of the products and services offers to clients.

We have determined that Selected Broker/Dealers currently offer the best overall value to us and our clients for the customer service, brokerage, research services and technology they provide. We believe these qualities make these firms superior to most non-service oriented, deep-discount and internet/web-based brokers that may otherwise be available to

the public.

### **Economic Benefits**

We receive support services from Selected Broker/Dealers, both of which assist us to better monitor and service program accounts maintained at Selected Broker/Dealers. We receive some non-soft dollar benefits from Selected Broker. It is not the result of soft dollar arrangements or any other express arrangements with Selected Broker/Dealers that involves the execution of client transactions as a condition to the receipt of services. These support services are provided to us based on the overall relationship between us and Selected Broker/Dealers. These support services may include the following:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products and services used by us in furtherance of our investment advisory business operations

We will continue to receive the services regardless of the volume of client transactions executed with Selected Broker/Dealers. Although the non-soft benefits will generally be used to service all our clients, a specific client may benefit more or less than another. As a result of receiving the services we may have an incentive to continue to use or expand the use of a particular custodian. We examined this potential conflict of interest when we chose to enter into Selected Broker/Dealer relationships and we have determined that each relationship is in the best interest of our clients and satisfies our fiduciary obligations, including our duty to seek best execution.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Some of the products and services made available by Selected Broker/Dealers may benefit us but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at Selected Broker/Dealers. Other services made available by Selected Broker/Dealers are intended to help us manage and further develop our business enterprise. The benefits received by us or employees are not dependent on the amount of brokerage transactions directed to Selected Broker/Dealers. As part of our fiduciary duties to clients, we always endeavor to

put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by us or our employees in and of itself creates a potential conflict of interest and may indirectly influence our choice of Selected Broker/Dealers for custody and brokerage services.

A client may pay a commission that is higher than another qualified broker-dealer might charge to execute the same transaction where we determine, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness.

While we will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

### **Trade Aggregation**

Trade aggregation is the act of trading a large block of a security in a single order. Shares of a purchased security are then allocated to the appropriate accounts in the appropriate proportion. The main purposes of order aggregation are (i) for ease of trading and (ii) to obtain a lower transaction cost associated with trading a larger quantity.

We usually place trades on a block trade basis and will occasionally trade portfolio securities on an individual basis based on the client's profile, needs and objectives.

In a situation where we do not aggregate trades, clients purchasing securities around the same time may receive a less favorable price than other clients. In addition, not aggregating trades may result in higher transaction costs, as a client will not benefit from lower transaction cost which might be achieved if the trade was aggregated.

Accounts for us or our employees may be included in a block trade with client accounts.

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

For those clients to whom we provide asset management services, account reviews are conducted on an ongoing basis by Douglas English, Investment Advisor Representative, or Wes Johnson, Investment Advisor Representative, or Neil Lambert, Investment Advisor Representative or Patrick Latta, Investment Advisor Representative or Timothy Mowrey, Investment Advisor Representative. All investment advisory clients are advised that it remains their responsibility to advise us of any changes in their investment objectives and/or financial situation. All clients are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with their IAR on an annual basis.

Douglas English, Investment Advisor Representative, Wes Johnson, Investment Advisor Representative, Neil Lambert, Investment Advisor Representative, Patrick Latta, Investment Advisor Representative, and Timothy Mowrey, Investment Advisor Representative may also conduct account reviews based on the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and by client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the custodian and/or program sponsor for the client accounts. We may also provide written periodic reports summarizing account activity and performance.

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

### **Other Compensation**

We and our employees may receive additional 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, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with investment advisor representative, client workshops or events, marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors may also pay for, or reimburse us for the costs associated with, education or training events that may be attended by our employees and for our sponsored conferences and events.

### **Other Compensation – Brokerage Arrangements**

See disclosure in Item 12 regarding compensation, including economic benefits received in connection with giving advice to clients.

### **Compensation – Client Referrals**

We do not make or accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Item 15: Custody**

### **Custody – Fee Debiting**

Our written agreement and/or the separate agreement with the custodian(s) may authorize us through the custodian(s) to debit the client's account for the amount of our asset management fee and to directly remit that fee to us in accordance with applicable custody rules. The custodian(s) that we recommend have agreed to send a statement to the client, monthly, indicating all amounts disbursed from the account including the amount of fees paid directly to us.

### **Custody – Account Statements**

As described above and in Item 13, clients receive monthly statements from the custodian that holds and maintains client's investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the account statements or other reports that we provide. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16: Investment Discretion**

Clients engage us to provide asset management services on a discretionary basis. Before we assume discretionary authority over a client's account, the client shall be required to execute a written agreement, naming ACT Advisors as the client's limited power of attorney and agent in fact, granting us full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account. This limited power of attorney allows us to manage the account on a discretionary basis, but it does not allow us to deposit or withdraw funds from the account. We will not have custody of these assets.

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

We do not have any authority to and do not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies; clients receive proxies directly from either custodians or transfer agents.

You may contact Jennifer English, Chief Compliance Officer at (828) 398-2802 for information about proxy voting.

## **Item 18: Financial Information**

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

There are no financial conditions that are reasonably likely to impair the firm's ability to meet contractual commitments to clients. At no time have we been the subject of a bankruptcy petition.