Form ADV Part 2A

Phase III Advisory Services, Ltd.
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March 18, 2025

This brochure provides information about the qualifications and business practices of Phase III Advisory Services, Ltd. If you have any questions about the contents of this Brochure, please contact us at (847) 520-5545 and/or phase3@phase3advisory.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 Phase III Advisory Services, Ltd. also is available on the SEC's website at [www.adviserinfo.sec.gov.](http://www.adviserinfo.sec.gov)

Any references to Phase III Advisory Services, Ltd. as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.

Item 2 Summary of Material Changes

At least annually, this Item will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

The following material change has been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was March 15, 2024.

Our firm provides consultation services covering a range of financial topics, including investment strategies, retirement planning, tax-efficient investing, estate planning, and estate settlement. These services are tailored to clients seeking guidance on specific financial matters. The fees for our financial planning and consultative services will be billed at $360/hr or as negotiated on a case by case basis. All fees are payable upon completion of the service.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year, which is December 31st. We may further provide other ongoing disclosure information about material changes as necessary.

Additionally, we will further provide you with a new brochure as necessary based on change or new information, at any time, without charge.

Our brochure may be requested free of charge by contacting Crystal Winters at (847) 520-5545 and/or phase3@phase3advisory.com. Additional information about Phase III Advisory Services, Ltd. is also available via the SEC's website www.adviserinfo.sec.gov. The website also provides information about any persons affiliated with Phase III Advisory Services, Ltd. who are registered, or are required to be registered, as investment adviser representatives of Phase III Advisory Services, Ltd.

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Item 4 Advisory Business

Phase III Advisory Services, Ltd. (hereinafter referred to as "Phase III") is an investment advisory firm offering a variety of advisory services customized to your individual needs. Phase III Advisory Services, Ltd. markets itself under the name Phase 3 Advisory Services.

Phase III was created in June of 1984. John W. Bever is President and the sole owner of Phase III. Additionally, John W. Bever is the Chief Compliance Officer and asset manager under Phase III. Additional business information about John W. Bever is disclosed on the Supplemental Brochure attached to this Brochure.

Phase III offers the following advisory services. Each of the services is more fully described below.

- Asset Management Programs
- Portfolio Monitoring
- Financial Planning and Consultative Services
- Review and Monitoring of Third Party Manager Programs

Asset Management Programs

Vision2020 Wealth Management Platform – Advisor Managed Portfolios

The Wealth Management Platform – Advisor Managed Portfolios Program ("Advisor Managed Portfolios") provides comprehensive investment management of your assets through the application of asset allocation planning software as well as the provision of execution, clearing and custodial services through Pershing, LLC ("Pershing").

Advisor Managed Portfolios provides risk tolerance assessment, efficient frontier plotting, fund profiling and performance data, and portfolio optimization and re-balancing tools. Utilizing these tools and based on your responses to a risk tolerance questionnaire ("Questionnaire") and discussions that we have together regarding, among other things, investment objective, risk tolerance, investment time horizon, account restrictions, and overall financial situation, we construct a portfolio of investments for you. This portfolio consists of mutual funds, exchange traded funds, equities, options, debt securities, variable life, variable annuity sub-accounts (certain restrictions apply) and other investments. Each portfolio is designed to meet your individual needs, stated goals and objectives. Additionally, you have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

Phase III has designed three model portfolio or strategies:
Private Management - Accounts consist of individual security positions (i.e., stocks and bonds), options, exchange traded funds (ETFs), and mutual funds. Phase III has designed various models: Income, Total Return and Growth.

Tactical Allocation Service - Phase III has designed various models for the program: Focused Fund Allocation, Total Return and Global Defense. The objective of the strategy is to seek opportunities to realize and preserve gains by allocating assets between diverse strategies including:

- Bond funds/subaccounts during period of rising bond prices
- Equity funds/subaccounts during periods of rising equity prices
- Money market funds/subaccounts during periods of falling prices in equity and/or bond funds/subaccounts.

Fund Allocation Service - Account holdings will consist primarily of mutual funds (open and closed-end) and exchange traded funds (ETFs). Phase III has designed various models for the program: Income, Income Plus, Balance I, Balanced II, Balanced III, Growth I, Growth II, Growth III, Natural Resource, and Custom.

Phase III offers two fee structure options 1) wrap or bundled fee (you pay a single fee for transactions and management) and 2) non-wrap or unbundled (you pay a fee for management and transactional fees). Accounts valued at less than $100,000 will not participate in a wrap program fee. Therefore, you will pay Phase III an advisory fee and pay any transaction charges.

For further details on the wrap program, including costs, please refer to the Vision2020 Wealth Management Platform – Advisor Managed Portfolios Program Brochure.

Phase III provides continuous and ongoing management of your account. Unless otherwise expressly requested by you, Phase III will manage your accounts on a discretionary basis. Therefore, Phase III will make changes to the allocation as deemed appropriate by Phase III. Phase III will determine the securities to be purchased and sold in the account and will alter the securities holdings from time to time, without prior consultation with you. Phase III actively trades securities and hold such holdings for periods of 30 days or less or maintain positions for longer or shorter term periods. Discretionary authority will be granted by you to Phase III by execution of the Asset Management agreement.

Should you choose to have your accounts managed on a non-discretionary basis you are advised that such accounts are subject to certain risks. Risks include but not be limited to the risk of missing market opportunities or the risk of Phase III not being able to move in and/or out of the market in a timely manner until your prior authorization has been obtained. Phase III will not make a buy, sell or exchange without your expressed authorization. Authorization is either verbally or in writing. Therefore, the performance of non-discretionary accounts fluctuate from those accounts managed on a discretionary basis. However, Phase III will periodically rebalance your account to maintain the initially agreed upon asset allocation. Phase III does not deem rebalancing as a form of discretion.

Transactions in the account, account reallocations and rebalancing trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

Vision2020 Wealth Management Platform – Unified Management Account Program

The Wealth Management Platform – Unified Managed Account Program ("UMA") provides you with the opportunity to invest your assets across multiple investment strategies, investment managers, and asset classes by implementing an asset allocation strategy. UMA is a Wrap Account program that offers these advisory services along with brokerage and custodial services for a single, asset-based, advisory fee.

After you discuss your financial goals and objectives with your Advisory Representative, we will recommend an asset allocation model ("UMA Model") to you which will consist of:

a) Investment Strategies serviced and created by investment managers or your Advisory Representative that generally consist of a selection of mutual funds, exchange traded products, equities and/or bonds;

b) Mutual funds and ETFs ("Funds");

c) or a combination of the preceding bundled together in an investment asset allocation model.

We will suggest a UMA Model to you based on your responses to a risk tolerance questionnaire ("Questionnaire") and discussion that we have together regarding among other things, your personal investment objectives and goals, risk tolerance, investment time horizon, account restrictions, and overall financial situation. In addition, you have the opportunity to place reasonable restrictions on investments held within your UMA account. All recommendations in the UMA are made on a discretionary basis, which means your Advisory Representative can act without your prior approval.

For further UMA details, please see the Wealth Management Platform – Unified Managed Account Wrap Program Form ADV Part 2A Appendix 1. We provide this brochure to you prior to or concurrent with your enrollment in UMA. Please read it thoroughly before investing.

Portfolio Monitoring Service

This program provides you a portfolio reporting service comprised of a written report providing information on your entire investment portfolio. This will include your bank accounts, annuities, bonds, mutual funds, stocks, options, limited partnerships, investment coins, collectibles, real estate holdings (not including personal residence), and qualified plan assets. The report will provide a comprehensive listing of your investments and provide cost basis, current market value, distributions received, return on investment, internal rate of return, and allocation of portfolio among various categories.

Phase III will provide you with ongoing monitoring of the assets and recommendations for re-allocation of the assets. At least quarterly, Phase III will review your portfolio and provide you with recommendations of any changes. Recommendations will be implemented by Phase III on accounts maintained through Osaic Wealth, Inc.

Financial Planning and Consultative Services

Phase III offers four levels of planning services:
1. Comprehensive Financial Plan
2. Segment Plan – The plan will cover only those areas you have requested.
3. College Action Plan
4. Portfolio Analysis

Plans are based on your financial situation at the time and are based on financial information disclosed by you to Phase III. You are advised that certain assumptions are made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. Phase III cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review the plan and update the plan based upon changes in your financial situation, goals, or objectives or changes in the economy. Should your financial situation or investment goals or objectives change, you must notify Phase III promptly of the changes. You are advised that the advice offered by Phase III is limited and is not meant to be comprehensive. Therefore, you should consider seeking the services of other professionals such as an insurance adviser, attorney and/or accountant.

Outside professionals may be called upon to analyze or evaluate documents or other records relating to your financial affairs. Such documents include, but are not limited to, wills, trusts, insurance policies, corporate pension and profit sharing plans and business affairs. The outside professional used include, but not be limited to, attorneys, accountants, enrolled actuaries, insurance specialists, and trust officers. Unless otherwise disclosed, the fees paid to the outside professionals for evaluation and analysis will be paid by Phase III and will be included in the mutually agreed upon fee quoted to you.

You are not obligated to implement advice through Phase III or Advisory Representatives. Should you implement the plan with Phase III's Advisory Representatives commissions or other compensation is received in addition to the advisory fee paid to Phase III.

Additionally, our firm provides consultation services covering a range of financial topics, including investment strategies, retirement planning, tax-efficient investing, estate planning, and estate settlement. These services are tailored to clients seeking guidance on specific financial matters, whether on a one-time or ongoing basis. Fees for consultation services are charged as either an hourly rate or a fixed fee, with pricing determined based on the complexity of the consultation and the time required. All fees are disclosed and are payable upon completion of services unless otherwise specified. Clients should note that consultation fees are separate from any ongoing asset management fees and do not cover additional professional services from other professionals, such as legal, tax, or accounting assistance, which may be necessary for implementing recommendations.

Comprehensive and Segmented Financial Plan

Covers all areas of your financial situation including financial, retirement, education, estate, business planning, long term care, insurance needs, debt counseling, savings, and cash flow analysis.

You will be provided with a written financial plan of action designed to guide you toward your expressed financial goals. Phase III will coordinate with appropriate outside professionals to assist you with legal, accounting, real estate and insurance matters.

Segment Plan

Should you have a need for advice and consultation on a limited area or areas of your financial situation, Phase III can provide planning services limited to those areas. Phase III provides planning services on the following areas:

- College Education Planning
- Tax Planning
- Retirement Planning
- Survivor Planning
- Student Loan Repayment Options

Portfolio Analysis

Phase III prepares charts and graphs relating but not limited to, price/earnings ratio, dividend and income distribution record, financial strength, and economic trends relating to a security.

IRA Rollover Recommendations

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

- Meet a professional standard of care when making investment recommendations (give prudent advice);

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

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

IRA Rollover Considerations

As part of our consulting and advisory services, we may provide you recommendations and advice concerning your employer retirement plan or other qualified retirement account. Our recommendations may include you consider withdrawing the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA"). Further, we offer our management services be applied to those funds and securities rolled into an IRA or other account for which we will receive compensation. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as described above under Item 5. This practice presents a conflict of interest because persons providing investment advice on your behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by us.

It is important for you to understand many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:
1. Leave the funds in your employer's (former employer's) plan.
2. Move the funds to a new employer's retirement plan.
3. Cash out and taking a taxable distribution from the plan.
4. Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage it is important you understand the following:
1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
a. Employer retirement plans generally have a more limited investment menu than IRAs.
b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.

a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
b. You should understand the various products and services you might take advantage of at an IRA provider and the costs of those products and services.
c. It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. In the event your plan offers asset management or model management, there may be a fee associated with the services that is more or less than our asset management fee.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may offer financial advice, guidance, and/or model management or portfolio options at no additional cost.
5. If you keep your assets titled in a 401k or retirement account, you could delay your required minimum distribution beyond age 73.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

General Information

The investment recommendations and advice offered by Phase III are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform Phase III promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify Phase III of any such changes could result in investment recommendations not meeting your needs.

Phase III tailors its advisory services to your individual needs and circumstances. You may impose restrictions and/or limitations on the investing in certain securities or types of securities. Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

Advisory services are initiated by Phase III meeting with you and conducting an interview of you. You will be asked to provide various information along to your meetings including bank statements, credit card statements, investment statements, tax returns, list of debts, wills and trusts, insurance policies and cash flow information. During the meeting, various questions will be asked to attempt to learn your financial situation and gauge your risk profile, investment time horizon, and determine your investment objectives. Phase III will employ the use of various planning software programs to evaluate your situation including Lumen, Morningstar and Money Guide Pro. You should expect at least one to two meetings before recommendations are provided and you are ready for implementation. However, each client is unique and Phase III will work with you through the data gathering process.

The information gathered by Phase III will assist Phase III to provide you with the requested services and customize the services to your financial situation. Depending on the services you have requested, Phase III will gather various financial information and history from you including, but not limited to:

- Retirement and financial goals
- Investment objectives
- Investment horizon
- Financial needs
- Cash flow analysis
- Cost of living needs
- Education needs
- Savings tendencies

Wrap Program Information
Phase III participates as an asset manager in a wrap program offered through Osaic Wealth, Inc. referred to as Wealth Management Platform – Advisor Managed Portfolios Program ("Advisor Managed Portfolios"). The Adviser Managed Portfolios program is available as a wrap (bundled) and non-wrap (unbundled) program. There is no significant difference between how Phase III manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage Phase III on a wrap fee basis the client will pay a single fee for bundled services (i.e., investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage Phase III on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e., investment advisory, brokerage, custody). Please Note: When managing a client's account on a wrap fee basis, Phase III shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.

Assets Under Management
Phase III has assets under management as of December 31, 2024: $124,004,178 of discretionary assets and $38,213,342 of non-discretionary assets.

Item 5 Fees and Compensation

Wealth Management Platform - Advisor Managed Portfolios Program

We offer Advisor Managed Portfolios in two ways:

- as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account").

or

- with separate advisory fees and transaction charges ("Non-Wrap Account"). As such, in addition to the quarterly account fee described below for advisory services, you will also pay separate per-trade transaction charges.

It is Phase III's discretion to select the type of program. There is an incentive to select the non-wrap account option since client will pay transaction charges in addition to Phase III's fee. Further, traditionally, wrap accounts pay a higher management fee to help cover transaction costs than clients in non-wrap accounts. There is an incentive to attempt to reduce the number of trades in a wrap account or conduct transaction in no-transaction fee securities to reduce Phase III's costs.

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable.

You will receive a full account fee refund in the event that you terminate your client agreement with us within five business days of signing. If you terminate after the first five days, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

Additional, ancillary fees will apply. Please see the Advisor Managed Portfolios Wrap Fee Program Brochure for further details.

Our Advisor Managed Portfolios account fee schedule is as follows:

Private Management Account and UMA Portfolios

Account Size	Max Annual Fee
$0 to $249,999	1.90%
$250,000 to $499,999	1.70%
$500,000 to $749,999	1.45%
$750,000 to $1,249,999	1.20%
$1,250,000 and above	1.00%

Fund Allocation Service and Tactical Allocation and Advisor Managed Portfolios

Account Size	Max Annual Fee
$0 to $99,999	1.40%
$100,000 to $249,999	1.15%
$250,000 to $499,9999	1.00%
$500,000 to $749,999	0.90%
$750,000 to $1,249,999	0.80%
$1,250,000 and above	0.75%

For further details on the wrap program, including costs, please refer to the Wealth Management Platform – Advisor Managed Portfolios Program Brochure.

Vision2020 Wealth Management Platform – Advisor Managed Portfolios Program

We offer the Advisor Managed Portfolios Program as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account").

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. If you terminate your account, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

Additional ancillary fees will apply. Please see the Advisor Managed Portfolio Program Wrap Fee Program Brochure for further details.

Phase III's portion of the Advisor Managed Portfolio Program account fee will not exceed 1.4%

Vision2020 Wealth Management Platform – Unified Managed Account Program

We offer the Unified Managed Account Program ("UMA") as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account").

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. If you terminate your account, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

Additional ancillary fees will apply. Please see the Wealth Management Platform - Unified Management Account Wrap Fee Program Brochure for further details.

Phase III's portion of the Unified Management Account Program account fee will not exceed 1.4%

Portfolio Monitoring

Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds. Advisory fees are charged in advance of each calendar quarter. The quarterly advisory fee will be calculated based on the value of the account on the last business day of the just completed calendar quarter. Fees for partial period will be prorated. Therefore, advisory fees will be prorated for accounts established during a calendar quarter or closed during a calendar quarter. The initial quarterly fee will be a prorated portion of the fee based on the number of days remaining in the calendar quarter.

Account Size	Max Annual Fee
$0 to $100,000	0.60%
$100,001 to $250,000	0.40%
$250,001to $500,000	0.25%
$500,000 to $1M	0.15%
Over $1M	0.10%

You can elect to pay your portfolio monitoring fees through AdvicePay, a 3rd-party software platform. The platform will allow you to enter your own credit card and/or ACH information into the secure AdvicePay client portal. We will send you an invoice outlinig your quarterly portfolio monitoring fee.

Portfolio monitoring fees are recalculated on any accounts on which advisors and/or Phase III are not compensated any other way and are covered by the portfolio monitoring service, for asset allocation and financial planning advice.

Financial Planning and Consultative Services

The fees for our financial planning and consultative services will be billed at $360/hr or as negotiated on a case by case basis. All fees are payable upon completion of the service.

Additional Fees and Expenses:

In computing the market value of assets, mutual fund shares will be valued based on their net asset values as of the valuation date in accordance with each mutual fund prospectus. If margin is used in your managed accounts, the "net worth" or "net equity" value of the account, not the long or short market value, shall be used to determine your account value. If your account contains option contracts, the positive and negative value of the option will be included in the net equity value of the account for purposes of determining your account value.

No fee adjustments will be made for Account appreciation or depreciation. Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.

Advisory fees will generally be collected directly from your account, provided you have given Phase III written authorization. You will be provided with an account statement reflecting the deduction of the advisory fee. If the Account does not contain sufficient funds to pay advisory fees, Phase III has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You can reimburse the account for advisory fees paid to Phase III, except for ERISA and IRA accounts.

Mutual fund investments in the programs that we offer are no-load or load at NAV. Depending on the fund and the share class, your mutual fund investments are subject to early redemption fees, 12b-1 fees and mutual fund management fees as well as other mutual fund expenses. These fees are in addition to the fees and expenses referenced above. 12b-1 fees are refunded back to managed accounts.

Registered investment company securities such as mutual funds, and variable products offer the securities in various share classes. Different share classes are priced differently and have varying levels of internal costs and share classes other than institutional share classes will involve higher internal costs that over time will cost you more. Institutional share classes often have higher trading costs, however, the internal costs of the fund are lower. Where available and possible, Advisor Representative will purchase the institutional share class. Over a period of time, share classes other than institutional shares will become more expensive if held in the account for a long period time. Consideration needs to be given to the amount being invested and the length of anticipated holding to make a decision as to the share class in your best interest. Representatives consider the anticipated holding period, cost structure, and administrative and transaction costs associated with selecting a share class. However, there is no way to predict the future and there will be occasions where a holding is liquidated sooner or held longer resulting in higher costs to the client. Additional information about share classes can be found in an Investor Alert issued by the Securities and Exchange Commission at https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-mutual-fund-classes and https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-mutual-fund-classes. Additionally, the SEC and FINRA provides investor information at www.sec.gov and www.finra.org.

Variable annuity companies impose internal fees and expenses on your variable annuity investment, including contingent deferred sales charges and early redemption fees. In addition, variable annuity companies generally impose mortality expenses referenced above. Complete details of such internal expenses are specified and disclosed in each variable annuity company's prospectus. Please review the Variable Annuity prospectus for full details.

There are additional fees relating to IRA and Qualified Retirement Plan accounts that you will incur such as maintenance and termination fees. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

In addition to providing advisory services, our Advisory Representatives offer you securities products and other investment and insurance products outside of your managed accounts in their capacity as Registered Representatives of Osaic Wealth and as licensed insurance agents. Advisory Representatives will receive additional compensation in connection with this activity and the amount of compensation will depend on the type of product purchased. Advisory Representatives will have a greater financial incentive to sell certain products as opposed to others (for example, in the case of mutual funds those that have a higher 12b-1 fee than others). While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

Load and no-load mutual funds pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from your assets. Phase III attempts to buy share classes that do not change 12b-1 fees, but this is not always be possible. If mutual funds are purchased in your managed accounts maintained through Osaic Wealth, 12b-1 fees will be credited back to your account rather than a paid to Osaic Wealth and/or your Advisory Representative

Phase III recommends mutual funds that pay 12b-1 fees and no-load funds.

You can purchase the securities recommended by Phase III directly or through other brokers or agents not affiliated with Phase III.

Termination Provisions for Asset Management Programs

You can terminate asset management services obtained from Phase III, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with Phase III. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, you can terminate investment advisory services upon Phase III's receipt of your written notice to terminate. Should you terminate investment advisory services during a calendar quarter you will be issued a pro-rated refund of the advisory fee. The refund will be calculated from the date of receipt of your written notice to terminate to the end of the calendar quarter less any administration fee charged by the custodian.

Financial Planning and Consultative Services

You are advised that fees for planning services are strictly for planning services. Therefore, you will pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance.

Comprehensive and Segmented Financial Plan

Fees for preparing the comprehensive plan will be billed on quarter hour basis at the rate of $360 per hour. Other advice and coordination with other professionals will be billed at the hourly rate of $360 per hour. Financial Planning services will typically be quoted to the client a fixed fee taking into consideration Phase III's hourly fee, time estimated to provide the requested services, complexity of the client's situation, number of meetings anticipated, and amount of research required.

Fees will be agreed upon at the gathering of the financial planning data. Fees are negotiable. Your fee will be dependent on several factors including time spent with Phase III, number of meetings, complexity of your situation, amount of research, services requested and staff resources. You will be provided a quote of the expected fee based on the number hours Phase III anticipates spending on your case.

Fixed Fee: A deposit of one-half (50%) of the quoted fee will be collected in advance upon your execution of the planning agreement. The balance of the fee will be due upon presentation of the plan.

Fees for Financial Planning and Consultative Services can also be paid through AdvicePay. The secure AdvicePay client portal will allow you to enter your own credit card and/or ACH information. We will send you an invoice outling the fees for our planning services.

Student Loan Repayment Options

Fees for student loan analysis will not exceed half (1/2) in projected interest savings and principal forgiveness or the recommended repayment option. The Client is solely responsible for applying for the repayment options.

Portfolio Analysis

Fees for this service will be billed on quarter hour basis at the rate of $360 per hour. Fees are due and payable upon presentation of the portfolio analysis.

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

This section is not applicable to Phase III since Phase III does not charge performance based fees.

Item 7 Types of Clients

Phase III's services are geared toward individuals both high net worth and other than high net worth, trusts, estates, or charitable organizations and corporations and other business entities.

Phase III generally requires a minimum amount of assets be deposited to an account for the purpose of obtaining asset management services or to participate. Minimums apply to per account and are not based on an aggregate of assets in multiple accounts or programs.

Program	*Account Minimum*
Private Management Account and UMA Portfolios*	$50,000
Fund Allocation and Tactical Allocation Service and Advisor Managed Portfolios	$25,000

Phase III has the discretion to elect to waive the minimum account size requirement or make an exception and accept accounts less than the above stated minimums. Such circumstances include but not be limited to additional assets will soon be deposited, you have other accounts under management with Phase III, multiple family members are clients, and you are a long time client. You are advised performance will suffer due to difficulties with diversifying smaller accounts and due to risk controls being compromised. Therefore, the performance of smaller accounts will vary from the performance of accounts with more dollars invested.

*Managers in the UMA Portfolios set their own minimum account size.

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

Phase III analyzes securities using several methods including technical, charting and fundamental. Phase III's methodology tends to lean toward a value approach rather than momentum. Economic analysis forms the asset class allocation targets. Securities are screened using a fundamental approach. Buy and sell decisions are filtered through technical analysis. Phase III has an investment committee that works together to evaluate securities, model portfolios and investment decisions.

Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure.

Risk: The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Technical analysis generally involves studying trends and movements in a security's price, trading volume, and other market-related factors in an attempt to discern patterns.

Risk: The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Charting is a form of technical analysis in which various factors are diagrammed in order to illustrate patterns.

Risk: Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Risk: Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

Short-Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Risk: Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Margin Transactions - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

Risk: If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

Tax Considerations
Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss
Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Other Risk Considerations
When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

Liquidity Risk: The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

Credit Risk: Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

Inflation and Interest Rate Risk: Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

Horizon and Longevity Risk: The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

Municipal Securities: Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

Bonds: Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

Stocks: There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Mutual Funds and Exchange Traded Funds: Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

Variable Annuities: A variable annuity is a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity) or a series of regular payments (regular-payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. At this point, the contract will terminate and the remainder of the funds accumulated forfeited unless there are other annuitants or beneficiaries in the contract. Annuities can be purchased to provide an income during retirement. Unlike fixed annuities that make payments in fixed amounts or in amounts that increase by a fixed percentage, variable annuities, pay amounts that vary according to the performance of a specified set of investments, typically bond and equity mutual funds. Many variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose a variety of fees and expenses, in addition to sales and surrender charges, such as mortality and expense risk charges; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return. Earnings in a variable annuity do not provide all the tax advantages of 401(k)s and other before-tax retirement plans. Once the investor starts withdrawing money from their variable annuity, earnings are taxed at the ordinary income rate, rather than at the lower capital gains rates applied to other non-tax-deferred vehicles which are held for more than one year. Proceeds of most variable annuities do not receive a "step-up" in cost basis when the owner dies like stocks, bonds and mutual funds do. Some variable annuities offer "bonus credits." These are usually not free. In order to fund them, insurance companies typically impose mortality and expense charges and surrender charge periods. In an exchange of an existing annuity for a new annuity (so-called 1035 exchanges), the new variable annuity may have a lower contract value and a smaller death benefit; may impose new surrender charges or increase the period of time for which the surrender charge applies; may have higher annual fees; and provide another commission for the broker.

Derivatives: Derivatives are types of investments where the investor does not own the underlying asset. There are many different types of derivative instruments, including, but not limited to, options, swaps, futures, and forward contracts. Derivatives have numerous uses as well as various risks associated with them, but they are generally considered an alternative way to participate in the market. Investors typically use derivatives for three reasons: to hedge a position, to increase leverage, or to speculate on an asset's movement. The key to making a sound investment is to fully understand the characteristics and risks associated with the derivative, including, but not limited to counter-party, underlying asset, price, and expiration risks. The use of a derivative only makes sense if the investor is fully aware of the risks and understands the impact of the investment within a portfolio strategy. Due to the variety of available derivatives and the range of potential risks, a detailed explanation of derivatives is beyond the scope of this disclosure.

Cash Management: In managing the cash maintained in your account, we utilize the sole exclusive cash vehicle (money market) made available by the custodian. There may be other cash management options away from the custodian available to you with higher yields or safer underlying investments. When managing your portfolio, Phase III considers cash and cash equivalents to be an asset class. At times, your fee will exceed the money market yield. Your cash position is included in our fee calculation.

From time to time, Phase III aggregates ("bunches") transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. Phase III conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average share price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety, the following procedure will be applied:

- If less than 25% of the shares are executed in a day, the allocation is random on an all or non-basis per account.
- If 25% or more of the order is filled, then allocation is on a pro-rata basis across all participating accounts.

Tactical Allocation Service
This is a flexible investment strategy that seeks to position assets that appears best suited for working toward your investment objectives at any given time. The strategy strives to realize and preserve gains by allocating your assets between widely diverse investment strategies. For example, bond mutual funds during periods of rising bond prices, and/or equity mutual funds during period of rising equity prices, and/or money market mutual funds during periods of falling prices. Phase III will pursue total return from dividends and capital gains. The risk with the strategy is mutual funds and variable contracts can impose trading restrictions that will limit asset movement or impose short term transactions costs or penalties.

Typically, rebalancing occurs monthly.

Fund Allocation Service
Generally accounts will be rebalanced annually.

Item 9 Disciplinary Information

There is no reportable disciplinary information required for Phase III or its management persons that is material to your evaluation of Phase III, its business or its management persons.

Item 10 Other Financial Industry Activities and Affiliations

Advisory Representatives of Phase III are dually registered as Advisory Representatives of Phase III and as Registered Representatives of Osaic Wealth. You are under no obligation to purchase or sell securities through Osaic Wealth. However, if you choose to implement investment advice or the financial plan, compensation will be earned in addition to any fees paid for advisory services. Commissions are higher or lower at Osaic Wealth than at other broker/dealers. Advisory Representatives have a conflict of interest in having you purchase securities and/or insurance related products through Osaic Wealth in that the higher their production with Osaic Wealth the greater opportunity for obtaining a higher pay-out on commissions earned.

Phase III attempts to mitigate the conflict of interest of Phase III's receipt of commissions if recommendations are implemented by providing you with these disclosures. Further, you are encouraged to consult other professionals and implement recommendations through other financial professionals. Furthermore, as Registered Representatives with Osaic Wealth, Advisory Representatives are subject to a supervisory structure at Osaic Wealth for their securities business.

Under the rules and regulations of the Financial Industry Regulatory Authority ("FINRA"), Osaic Wealth has an obligation to perform certain supervisory functions regarding certain activities engaged in by its Registered Representatives. For such supervisory functions, Phase III pays Osaic Wealth a portion of the advisory fees it receives.

It is important to understand investment advisers have a fiduciary obligation to provide advice and services through the investment adviser that are in the best interest of the client. However, when Advisory Representatives act in the capacity of a Registered Representative, their obligation is to make recommendation and conduct transactions that are suitable to you but are not necessarily in your best interest outside of a wrap account.

As stated above, Phase III offers you access to several third party managed programs. As a result, Phase III will receive compensation if you participate in one or more programs. This is considered a conflict of interest. You are advised there are other third party managed programs offering similar services at a lower cost and do not provide compensation to Phase III. However, should you select another third party manager, you will not receive the advisory services offered by Phase III.

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

Phase III and its associated persons buy or sell securities identical to those securities recommended to you. Therefore, Phase III and/or its associated persons have an interest or position in certain securities that are also recommended and bought or sold to you. Phase III and its associated persons will not put their interests before your interest.

Phase III is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

You have the right to decline any investment recommendation. Phase III and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

Code Of Ethics
Phase III has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. Phase III takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as Phase III's policies and procedures. Further, Phase III strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides you with Phase III's Privacy Policy. As such, Phase III maintains a code of ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, Phase III's Code of Ethics establishes Phase III's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

Item 12 Brokerage Practices

As previously stated, Phase III Advisory Representatives are Registered Representatives of Osaic Wealth, Inc. ("Osaic Wealth"). As a result they are subject to FINRA Conduct Rule 3040 which restricts such them from conducting securities transactions away from Osaic Wealth unless Osaic Wealth provides them with written authorization. The Advisory Representatives have obtained approval to offer you the ability to maintain accounts through Osaic Wealth at its clearing firm Pershing, LLC. Phase III is independently owned and operated and not affiliated with Osaic Wealth.

You are advised that not all investment advisers require you to maintain accounts at a specific broker/dealer. You are advised you can maintain accounts at another broker/dealer. However, the services provided by Phase III will be limited to advice only and will not include implementation. If you who select another brokerage firm for custodial and/or brokerage services you will not be able to receive asset management services from Phase III.

In initially selecting Osaic Wealth, Phase III conducted due diligence. Phase III's evaluation and criteria included ability to service you, staying power as a company, industry reputation, ability to report to you and to him, trading platform, products and services available, technology resources, and educational resources.

Periodically, Phase III will review alternative broker/dealers and custodians in the marketplace to ensure Osaic Wealth and its custodians are meeting Phase III's duty to provide best execution. The review will include a comparison to Osaic Wealth which involves evaluating criteria such as overall expertise, cost competitiveness and financial condition. The quality of execution by Osaic Wealth will be reviewed through trade journal evaluations. However, best execution does not simply mean the lowest transaction cost. Therefore, no single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian.

You are advised there is an incentive for Phase III and the Advisory Representatives to recommend a broker/dealer over another based on the products and services that will be received rather than your best interest.

Osaic Wealth has a wide range of approved securities products for which Osaic Wealth performs due diligence prior to selection. Advisory Representatives are required to adhere to these products when implementing securities transactions through Osaic Wealth. Commissions charged for these products are be higher or lower than commissions you are be able to obtain if transactions were implemented through another broker/dealer. Osaic Wealth also provides Advisory Representatives, and therefore the Phase III, with back-office operational, technology, and other administrative support. Other services include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Such services are intended to help Advisory Representatives and Phase III manage and further develop their business enterprise.

Osaic Wealth and its clearing broker/dealer, Pershing, LLC also make available to Phase III other products and services that benefit Phase III but do not directly benefit you. Some of these other products and services assist Phase III with managing and administering your accounts. These include software and other technology that provide access to your account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of Phase III's fees from your accounts; and assist with back-office functions; recordkeeping and client reporting. Many of these services generally are be used to service all or a substantial number of Phase III's accounts, including accounts not held through Osaic Wealth.

Advisory Representatives receive trail commissions (i.e., 12b-1 fees) for a period of time as a result of directing securities transactions through Osaic Wealth. Load and no-load mutual funds pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from your assets. 12b-1 fees are initially paid to Osaic Wealth and a portion passed to the Advisory Representative of record. The receipt of such fees could represent an incentive for Advisory Representatives to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a conflict of interest. However, such fees will be credited back to fee based accounts (qualified and non-qualified).

Item 13 Review of Accounts

<u>Asset Management Services</u>
You will be invited to participate in at least an annual review. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place.

On an ongoing basis, Phase III will monitor for changes or shifts in the economy, changes to the management and structure of a security in which your assets are invested, and market shifts and corrections. Additionally, Phase III conducts it screening for monitoring performance of the securities contained in your portfolio.

You are advised that you must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes may require him review the portfolio allocation and make recommendations for changes.

You will be provided statements at least quarterly direct from the account custodian. Additionally, you will receive confirmations of all transactions occurring direct from the account custodian. If you are participating in the Phase III Morton Tactical Allocation Service, Private Management Account or the Fund Allocation Service, Phase III will prepare and provide you a quarterly report. If you are participating in the Portfolio Monitoring Service, you will receive a quarterly consolidated report. The report will reflect all investment accounts under your name for which Phase III is able to receive downloaded information. You should compare the report with statements received direct from the account custodian. Should there be any discrepancy the account custodian's report will prevail.

Financial Planning and Consultative Service
Depending on the type of plan and your financial complexity periodic reviews are necessary. Reviews are at your request based on changes in your financial situation. You will not receive regular reviews. Phase III recommends you have at least an annual review and update to any plans. However, the time and frequency of the reviews is solely your decision. Additionally, you will be charged review fees based on the fee schedule disclosed under the program. Other than the initial plan or analysis, there will be no other reports issued.

Item 14 Client Referrals and Other Compensation

Phase III does not directly or indirectly compensate any person who is not a supervised person of Phase III for referrals. Further, Phase III does not receive an economic benefit from a non-client for providing investment advice or advisory services to you.

Product vendors recommended by Phase III provide monetary and non-monetary assistance with client events, provide educational tools and resources. Phase III does not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. Phase III's due diligence of a product does not take into consideration any assistance it receives. This is considered a conflict of interest. To mitigate this conflict of interest, disclosure has been provided to you.

Item 15 Custody

With the exception of deduction of Phase III's advisory fees from your accounts, Phase III does not take custody of your funds or securities. Clients will receive account statements direct from the broker/dealer or account custodian reflecting the deduction of Phase III's advisory fee. Clients should carefully review statements received from the broker/dealer or account custodian. Further, clients should compare any written report received from Phase III with statements received direct from the broker/dealer or account custodian. Should there be any discrepancy the account custodian's report will prevail.

Item 16 Investment Discretion

You grant Phase III authorization to manage your account on a discretionary basis by execution of the advisory agreement. You will grant such authority to Phase III by execution of the advisory agreement. Discretionary authority will be limited to Phase III determining the securities to buy, sell and exchange, when to execute the transaction and the amount of each transaction. You can terminate discretionary authorization at any time upon receipt of written notice by Phase III.

Additionally, you are advised that:
1) You can set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
2) Your written consent is required to establish any mutual fund, variable annuity, or brokerage account;
3) Phase III requires the use of the broker/dealer with which your Advisory Representative is registered for sales in commissionable mutual funds or variable annuities, if you elect to implement recommendations through your Advisory Representative;
4) With the exception of deduction of Phase III's advisory fees from the account, if you have authorized automatic deductions, Phase III will not have the ability to withdraw your funds or securities from the account.

Item 17 Voting Client Securities

Phase III does not vote your securities. Unless you suppress proxies, securities proxies will be sent directly to you by the account custodian or transfer agent. You can contact Phase III about questions you may have an opinion on how to vote the proxies. However, the voting and how you vote the proxies is solely your decision.

Item 18 Financial Information

Phase III will not require you to prepay more than $1,200 and six or more months in advance of receiving the advisory service.

Phase III does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you.

Phase III has not been the subject of a bankruptcy petition.

Item 19 Requirements for State-Registered Advisers

This section is not applicable to Phase III. Phase III is not state registered. Phase III is registered with the Securities and Exchange Commission.

Item 20 Additional Information

Trade Errors
In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.