



## **Dodds Wealth, LLC**

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**February 15, 2024**

### **FORM ADV PART 2A APPENDIX 1 – WRAP FEE PROGRAM BROCHURE**

This brochure provides information about the qualifications and business practices of Dodds Wealth, LLC. (“Dodds Wealth”) If you have any questions about the contents of this brochure, please contact us at 303-539-3900. 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. Dodds Wealth is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Dodds Wealth, LLC. is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as an IARD number. The IARD number for Dodds Wealth, LLC. is 323632.

## ITEM 2 – MATERIAL CHANGES

### ***Summary of Material Changes***

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The following material changes have occurred since our previous annual amendment filing on February 10, 2023:

- There are no material changes to report.

Currently, a free copy of our Brochure may be requested by contacting John Michael Dodds, Chief Compliance Officer of Dodds Wealth at 303-539-3900. We encourage you to read this document in its entirety.

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## ITEM 4 – SERVICES, FEES & COMPENSATION

We offer a wrap fee program as described in this Wrap Fee Program Brochure. A wrap fee program is generally considered any arrangement under which clients receive investment advisory services and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts. All our investment management clients will be offered the wrap fee program structure that includes, as a single fee, the securities transaction costs for trading in Client accounts along with the investment advisory fees earned by our firm. Our firm receives a portion of the wrap fee for the services rendered. While traditional Wrap Fee Programs are often rigid, pre-packaged investment programs, our firm customizes its investment strategies individually for its clients. Prior to receiving services through the Program, clients are required to enter into a written advisory agreement with our firm setting forth the relevant terms and conditions of the investment advisory relationship (the “Agreement”).

### OUR WRAP ADVISORY SERVICES

We manage advisory accounts on a discretionary and non-discretionary basis. For discretionary accounts, once we have determined a profile and investment plan with a client, we will execute the day-to-day transactions without seeking prior client consent but within the expected investment guidelines. Account supervision is guided by the client’s written profile and investment plan. We will accept accounts with certain trading restrictions if circumstances warrant. We primarily allocate client assets among various equities, Exchanged Traded Funds (“ETFs”), no-load or load-waived mutual funds in accordance with their stated investment objectives.

During personal discussions with clients, we determine the client’s objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review a client’s prior investment history, as well as family composition and background. Based on client needs, we develop a client’s personal profile and investment plan. We then create and manage the client’s investments based on that policy and plan. It is the client’s obligation to notify us immediately if circumstances have changed with respect to their goals. Once we have determined the types of investments to be included in a client’s portfolio and have allocated the assets, we provide ongoing investment review and management services.

With our discretionary relationship, we will make changes to the portfolio, as we deem appropriate, to meet client financial objectives. We trade these portfolios based on the combination of our market views and client objectives, using our investment process. We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. Clients have

the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

If a non-discretionary relationship is in place, calls will be placed presenting the recommendation made and only upon your authorization will any action be taken on your behalf. We do have limited authority to direct the Custodian to deduct our investment advisory fees from accounts, but only with the appropriate written authorization from clients.

Clients may engage us to advise on certain investment products that are not maintained at our Firm's recommended custodian, such as variable life insurance, annuity contracts, and assets held in employer sponsored retirement plans. Where appropriate, we provide advice about any type of held away account that is part of a client portfolio.

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

Our firm may determine that engaging the expertise of an independent sub-advisor is best suited for your account. Our firm will have discretion to utilize independent third-party investment adviser to aid in the implementation of investment strategies for your portfolio. In certain circumstances, we may allocate a portion of a portfolio to an independent third-party investment adviser ("Manager") for separate account management based upon your individual circumstances and objectives, including, but not limited to, your account size and tax circumstances. Upon the recognition of such situations, in coordination with you, we will hire a Manager for the management of those assets. These advisers shall assist our Firm in managing the day-to-day investment operations of the various allocations, shall determine the composition of the investments comprising the allocation, shall determine what securities and other assets of the allocation will be acquired, held, disposed of, or loaned in conformity with the written investment objectives, policies and restrictions and other statements of each client comprising the allocation, or as instructed by our Firm.

Managers selected for your investments need to meet several quantitative and qualitative criteria established by us. Among the criteria that may be considered are the Manager's experience, assets under management, performance record, client retention, the level of client services provided, investment style, buy and sell disciplines, capitalization level, and the general investment process.

You are advised and should understand that:

- A Manager's past performance is no guarantee of future results;

- There is a certain market and/or interest rate risk which may adversely affect any Manager’s objectives and strategies, and could cause a loss in a Client's account(s); and
- Client risk parameters or comparative index selections provided to our firm are guidelines only and there is no guarantee that they will be met or not be exceeded.

Managers may take discretionary authority to determine the securities to be purchased and sold for the client. As stated in the Investment Management Agreement, our Firm and its associated persons will have discretionary authority to hire and fire the Manager. Our firm will work with the sub-advisor to communicate any trading restrictions or standing instructions to refrain from a particular industry requested by the Client. In all cases, trading restrictions will depend on the sub-advisor and their ability to accommodate such restrictions.

All performance reporting will be the responsibility of the respective Manager. Such performance reports will be provided directly to you and our firm. Disclosures will indicate what firm is providing the reporting.

All third-party Managers to whom we will recommend for clients will be licensed as registered investment advisors by their resident state and any applicable jurisdictions or registered investment advisors with the Securities and Exchange Commission. A complete description of the Manager’s services, fee schedules and account minimums will be disclosed in the Manager’s Form ADV or similar Disclosure Brochure.

We review the performance of our Managers on at least a quarterly basis. More frequent reviews may be triggered by changes in Manager’s management, performance, or geopolitical and macroeconomic specific events. Our Firm only enters into only a select number of relationships with Managers.

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## **RELATIVE COST OF THE PROGRAM**

Dodds Wealth charges a fee as compensation for providing Investment Management services on your account. These services include advisory, trade entry, investment supervision, and other account-maintenance activities. As discussed above, all of our advisory clients are managed in our Wrap Fee Program and our Firm has entered into an Asset Based Pricing (“ABP”) arrangement with LPL Financial, which covers all program transaction fees, including ticket charges, commissions, and other charges for trading and custody. Because Dodds Wealth cannot predict the markets and the amount of trading that will occur in a client account, Dodds Wealth favors Asset-Based pricing within its wrap program offering because it will fix the amount of the fee paid in relation to trade execution, regardless of the number of transactions that are placed for the account. Also refer to Additional Fees and Expenses below for additional details regarding fees.

The fees for portfolio management are based on an annual percentage of assets under management and are applied to the account asset value on a pro-rata basis and billed quarterly in advance on a three-month billing cycle. Only the initial fee will be in arrears and based upon the date the account is accepted for management by execution of the advisory agreement by Dodds Wealth or when the assets are transferred through a three month-billing cycle. The market value will be determined as reported by the Custodian. Fees are assessed on all assets under management. Cash and money market balances are included in our fee billing. Additional deposits and withdrawals will be added or subtracted from the assets in a prorated basis to adjust the account fee.

Our maximum annual advisory fee for accounts paying a percentage of assets under management is 1.00%. The specific advisory fees are set forth in your Agreement. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated. Our employees and their family related accounts are charged a reduced fee for our services. Unless otherwise instructed by the client, we will aggregate asset amounts in accounts from your same household together to determine the advisory fee for all your accounts. We would do this, for example, where we also service accounts on behalf of your minor children, individual and joint accounts for a spouse, and/or other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could cause your account(s) to be assessed a lower advisory fee.

The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement quarterly directly to you indicating all the amounts deducted from the account including our advisory fees. At our discretion, our Firm will allow advisory fees to be paid by check as indicated in the Agreement. You are encouraged to review your account statements for accuracy. Either Dodds Wealth or you may terminate the management agreement immediately upon written notice to the other party. The management fee will be pro-rated to the date of termination, for the month in which the cancellation notice was given and billed to your account. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client's death or disability, Dodds Wealth will continue management of the account until we are notified of client's death or disability. Once notified, the account will be restricted until alternative instructions are received by an authorized party.

We will not require prepayment of more than \$1,200 in fees per client, six (6) or more months in advance of providing any services. In no case are our fees based on, or related to, the performance of your funds or investments.

We may provide advisory services through certain programs sponsored by LPL Financial LLC (“LPL”), a registered investment advisor and broker-dealer. Below is a brief description of each LPL advisory program available to our Firm. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the program account packet (which includes the account agreement and LPL Form ADV program brochure) and the Form ADV, Part 2A of LPL or the applicable program.

All client accounts managed by our firm will utilize the LPL SWM II account program. Although clients do not pay a transaction charge for transactions in a SWM II account, clients should be aware that our Firm pays LPL transaction charges for those transactions.

Custodians such as LPL are compensated for their services which include, but are not limited to execution, custody, and reporting. LPL can charge a fixed percentage fee for its services based upon the dollar amount of the assets placed in its custody and/or on their platform (for example: if LPL was to charge an annual percentage of the market value of the client assets in its custody, the fee would include the execution of all account transactions). This is referred to as an “Asset-Based Fee.” In the alternative, rather than a fixed percentage fee based upon the market value of the assets in its custody, LPL could charge a separate fee for the execution of each transaction. This is referred to as a “Transaction-Based Fee.” Under a Transaction Based fee, the amount of total fees charged to the client account for trade execution will vary depending upon the number of transactions that are placed for the account. Our Firm has entered into an Asset Based Pricing (“ABP”) arrangement with LPL Financial, which covers all program transaction fees, including ticket charges, commissions, and other charges for trading and custody. Because our Firm cannot predict the markets and the amount of trading that will occur in a client account, our Firm generally favors Asset-Based pricing within its wrap program offering because it will fix the amount of the fee paid in relation to trade execution, regardless of the number of transactions that are placed for the account. Our recommendation that a client enter into an Asset-Based pricing agreement with the account broker-dealer/custodian would depend upon whether, based upon anticipated account size and activity, our Firm reasonably believes that the client would benefit from the available pricing arrangement. However, account investment decisions are often more heavily driven by security selection and anticipated market conditions, as opposed to the amount



of commission/transaction fees payable by clients to the account broker-dealer/custodian. However, our Firm, on an annual basis, will conduct a sampling to confirm its belief (given the inability to predict the markets and the corresponding amount of trading that will occur) that Asset-Based pricing continues to be beneficial for its clients.

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**OTHER TYPES OF FEES & EXPENSES**

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

In addition, some mutual fund and/or ETF assets deposited in the account may have been subject to deferred sales charges and 12 (b) (1) fees and other annual expenses. These fees are independent of our fees and should be disclosed by the custodian or contained in each fund’s prospectus. You should also note that fees for comparable services vary and lower fees for comparable services may be available from other sources.

Neither Dodds Wealth, nor any representatives of Dodds Wealth receive any additional compensation for the participation of client’s in the wrap fee program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and to other services. Therefore, Dodds Wealth may have a financial incentive to recommend the wrap fee program to clients.

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**SUB-ADVISOR FEES**

As discussed above, there will be occasions where an independent Registered Investment Advisory firm acts as a sub-advisor to our Firm. In those circumstances, the other investment adviser manages the assets based upon the parameters provided by our Firm. Sub-advisory services are billed directly to the client by the independent sub-advisor.

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**ADDITIONAL FEES AND EXPENSES**

In addition to the advisory fees paid to our Firm, clients also incur certain charges imposed by other third parties such as trust companies, banks, and other financial institutions (collectively “Financial Institutions”). These additional charges include odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on

brokerage accounts and securities transactions. Our brokerage practices are described at length in Item 9, below.

Certain investment adviser representatives of our Firm are also associated with LPL Financial as broker-dealer registered representatives (“Dually Registered Persons”). In their capacity as registered representatives of LPL Financial, certain Dually Registered Persons will earn commissions for the sale of securities or investment products that they recommend for brokerage clients. They do not earn commissions on the sale of securities or investment products recommended or purchased in advisory accounts through Dodds Wealth. Clients have the option of purchasing many of the securities and investment products we make available to you through another broker-dealer or investment adviser. However, when purchasing these securities and investment products away from our Firm, you will not receive the benefit of the advice and other services we provide.

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#### **ADMINISTRATIVE SERVICES**

Our Firm utilizes a third party and technology platform to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, the third-party vendor will have access to client information, but will not serve as an investment advisor to our clients. Dodds Wealth and this third party are non-affiliated companies. This third-party provider charges our Firm an annual fee for each account administered by the third party. The annual fee is paid from the portion of the management fee retained by us.

#### **ITEM 5 – ACCOUNT REQUIREMENTS & TYPES OF CLIENTS**

Our Firm works with the following types of clients: individuals, high net-worth individuals, employer sponsored retirement plans, trusts and estates.

We impose a \$200,000 minimum account value to initiate our Firm’s advisory and money management services, however, this may be waived as deemed appropriate by the Firm.

#### **ITEM 6 – PORTFOLIO MANAGER SELECTION & EVALUATION**

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##### **PORTFOLIO MANAGER SELECTION**

Our Firm serves as the sponsor and portfolio manager for our Wrap Fee Program.

The fee covers transaction costs or commissions resulting from the management of your accounts, however, most investments trade without transaction fees today, so our payment of these and other incidental custodial related expenses should not be considered a significant factor in determining the relative value of our wrap program.

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**RELATED PERSONS**

Our Firm's investment adviser representatives serve as the portfolio manager for the services under this Wrap Fee Program. We only manage this wrap fee program and we do not act as portfolio manager for any third-party wrap fee programs.

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**SUPERVISED PERSONS**

Our investment adviser representatives serve as the portfolio manager for the Wrap Fee Program described in this Wrap Fee Program Brochure. Please refer to the Items 4 and 8 of the Part 2A Disclosure Brochure for details on the services provided by our Firm. For information related to the background of our supervised persons, please see Items 9 and 11 of the Part 2A Disclosure Brochure.

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**ADVISORY BUSINESS**

Refer to Item 4 of this Wrap Fee Brochure for information about our wrap fee advisory program.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

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**PARTICIPATION IN WRAP FEE PROGRAMS**

We offer wrap fee accounts to our clients, which are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

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**PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT**

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees), nor engage side by side management.

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**STRATEGIES AND METHODS OF ANALYSIS**

We take an active approach in managing our client's assets. Each account is rebalanced on either a quarterly, semi-annual, or annual basis. The frequency of rebalancing is based on the account's time horizon, investment objective current economic climate and tax situation. While there may be some similarities in the portfolios created by Dodds Wealth, we understand that every client has their own unique planning needs. We have the ability and flexibility to create portfolios to help our client achieve their goals. We may utilize the following forms of analysis:

- **Asset Allocation:** Our primary investment philosophy attempts to identify the appropriate ratio of diversified securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. Our asset allocation strategy de-

prioritizes individual security selection. We utilize software to monitor each client's mix of securities, fixed income, and cash. If the ratio drifts outside of our target tolerance, then we will evaluate a rebalance of the portfolio back to the target ratio. In addition, we attempt to rebalance on an annual basis each account back to the target ratio of securities, fixed income, and cash. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that rebalancing a portfolio can generate taxable capital gains. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected will no longer be appropriate for the client's goals.

- **Fundamental Analysis:** We utilize fundamental analysis when evaluating the intrinsic value of a security by looking at economic and financial factors. Those factors include the overall economy, industry conditions, and the financial condition and management of the company itself. We utilize those factors to determine if the company or fund is underpriced or overpriced. Fundamental analysis does not aid in anticipating market movements. As a result, this presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and/or financial factors evaluated when we considered the investment.
- **Quantitative Analysis:** We utilize quantitative analysis by reviewing mathematical ratios and other performance metrics as part of our due diligence research of a fund manager's investment acumen, idea generation, consistency of purpose and overall ability to match or outperform their stated benchmark through a full market cycle. Additionally, we perform periodic measurements to assess the accuracy and authentic of a manager's published returns. A risk with quantitative analysis is that the mathematical models and ratios we utilize may be based on assumptions that prove to be incorrect.
- **Technical Analysis:** We use this method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance. Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore,

there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

- **Mutual Fund and/or ETF Analysis:** We look at the experience and track record of the manager of the mutual fund or ETF in attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also monitor the funds or ETFs in attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

- **Model Manager Analysis:** We examine the experience, expertise, investment philosophies, and past performance of Model Managers in attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the Model Manager's compliance and business enterprise risks.

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**RISK OF LOSS**

A client's investment portfolio is affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic conditions, changes in laws and national and international political circumstances.

Investing in securities involve certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Dodds Wealth will assist Clients in determining an appropriate strategy based on their tolerance for risk.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account(s). Dodds Wealth shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform Dodds Wealth of any changes in financial condition, goals or other factors that may affect this analysis.

Our methods rely on the assumption that the underlying companies within our security allocations are accurately reviewed by the rating agencies and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Investors should be aware that accounts are subject to the following risks:

**MARKET RISK** - Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.

**FOREIGN SECURITIES AND CURRENCY RISK** - Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.

**CAPITALIZATION RISK** - Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services Their stocks have historically been more volatile than the stocks of larger, more established companies.

**INTEREST RATE RISK** - In a rising rate environment, the value of fixed-income securities generally declines, and the value of equity securities may be adversely affected.

**CREDIT RISK** - Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a

perceived change in an issuer's financial strength may affect a security's value and thus, impact the fund's performance.

**SECURITIES LENDING RISK** - Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

**EXCHANGE-TRADED FUNDS** - ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets, and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."

**PERFORMANCE OF UNDERLYING MANAGERS** - We select the mutual funds and ETFs in the asset allocation portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.

**CYBERSECURITY RISK** - In addition to the Material Investment Risks listed above, investing involves various operational and "cybersecurity" risks. These risks include both intentional and unintentional events at our firm or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

**NON-LIQUID ALTERNATIVE INVESTMENTS** - From time to time, our Firm will recommend to certain qualifying clients that a portion of such clients' assets be invested in private funds, private fund-of-funds and/or other alternative investments (collectively, "Nonliquid Alternative Investments"). Nonliquid Alternative Investments are not suitable for all of our Firm's clients and are offered only to those qualifying clients for whom our Firm believes such an investment is suitable and in line with their overall investment strategy. Nonliquid Alternative Investments typically are available to only a limited number of sophisticated investors who meet the definition of "accredited investor" under Regulation D of the Securities Act of 1933, as amended (the "Securities Act"), or "qualified client" under the Investment Advisers Act of 1940, or "qualified purchaser" under the Investment Company Act of 1940. Nonliquid Alternative Investments present special risks for our Firm's clients,

including without limitation, limited liquidity, higher fees and expenses, volatile performance, no assurance of investment returns, heightened risk of loss, limited transparency, additional reliance on underlying management of the investment, special tax considerations, subjective valuations, use of leverage and limited regulatory oversight. When a Nonliquid Alternative Investment invests part or all of its assets in real estate properties, there are additional risks that are unique to real estate investing, including but not limited to: limitations of the appraisal value; the borrower's financial conditions (if the underlying property has been obtained by a loan), including the risk of foreclosures on the property; neighborhood values; the supply of and demand for properties of like kind; and certain city, state and/or federal regulations. Additionally, real estate investing is also subject to possible loss due to uninsured losses from natural and man-made disasters. The above list is not exhaustive of all risks related to an investment in Nonliquid Alternative Investments. A more comprehensive discussion of the risks associated with a particular Nonliquid Investment is set forth in that fund's offering documents, which will be provided to each client subscribing to a Nonliquid Alternative Investment, for review and consideration. It is important that each potential, qualified investor carefully read each offering or private placement memorandum prior to investing.

**ENVIRONMENT, SOCIAL GOVERNANCE (ESG) FOCUSED STRATEGY RISKS** – Dodds Wealth manages certain accounts and strategies for which, in addition to incorporating financially material ESG factors into the investment process, Dodds Wealth adopts an explicit emphasis on ESG and/or sustainability attributes of the portfolio. This type of strategy tends to augment the risks associated with incorporated ESG investing and can expose client accounts to additional risks over and above the General ESG Risk described above. In certain situations, the potential social impact may outweigh financial considerations. For example, Dodds Wealth could choose to make an investment that has a lower expected financial return when compared to other possible investments due to ESG considerations, such as where the investment has the potential to have a greater environmental and/or social impact. In addition, Dodds Wealth may reject an opportunity to increase the financial return of an existing investment in order to preserve the environmental and/or social impact of such investment. Further, Dodds Wealth could refrain from disposing of an underperforming investment for a period of time in order to minimize the negative environmental and/or social impact of such disposition. As a result of the foregoing, these portfolios or accounts are subject to the risk that they achieve lower returns than if Dodds Wealth did not adopt an explicit focus on ESG and/or sustainability considerations, including the environmental and/or social impact of investments and investment-related decisions. Clients should also be aware that their perception of the ESG attributes, or the social and environmental impact, of their investment portfolio may differ from Dodds Wealth's or a third party's assessment of how that portfolio adheres to ESG principles.

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## **VOTING CLIENT SECURITIES**

We will not vote proxies on your behalf. You are welcome to vote proxies or designate an



independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not act with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Clients can contact our office with questions about a particular proxy solicitation by phone at 303-539-3900.

#### **ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGER(S)**

Our Firm is required to describe the type and frequency of the information it communicates to external managers that may be involved in managing its Clients' investment portfolios. Dodds Wealth serves as the sole portfolio manager under this Wrap Fee Program and, as such, we have no information to disclose regarding this Item.

#### **ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGER(S)**

Our Firm does not place restrictions on the client's ability to contact and consult their financial advisor. As the portfolio manager, clients are free to contact us at any time.

#### **ITEM 9 – ADDITIONAL INFORMATION**

##### **DISCIPLINARY INFORMATION**

We do not have any legal, financial or other "disciplinary" item to report.

##### **FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS**

###### **INSURANCE**

Some of our IARs are also licensed insurance agents and sell various life insurance products, long term care and fixed annuities. Our IARs receive compensation (commissions, trails, or other compensation from the respective product sponsors) as a result of effecting insurance transactions for clients. A portion of the time IARs spend (generally 5%) is in connection with these insurance activities and it represents 5% of the ongoing revenue for our IARs. The advisor has an incentive to recommend insurance and this incentive creates a conflict of interest between your interests and our Firm. Clients should note that they have the right to decide whether or not to engage the services of our IARs. Further, clients should note they have the right to decide whether to act on the recommendations and the right to choose any professional to execute the advice for any insurance products through our IAR or any licensed insurance agent not affiliated with our Firm. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to avoid any conflicts of interest.

##### **BROKER DEALER**

Dodds Wealth is not a broker/dealer, but our Investment Adviser Representatives (“IAR”) are registered representatives of LPL Financial, LLC (“LPL”), a full-service broker-dealer, member FINRA/SIPC, which compensates them for effecting securities transactions. When placing securities transactions through LPL in their capacity as registered representatives, they will earn sales commissions. Investment advisory services and advisory fees are offered separately through Dodds Wealth. Because the IARs are dually registered with LPL and Dodds Wealth, LPL has certain supervisory and administrative duties pursuant to the requirements of FINRA Conduct Rule 3040. LPL and Dodds Wealth are not affiliated companies. IARs of Dodds Wealth spend a portion their time in connection with broker/dealer activities.

As a broker-dealer, LPL engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by Dodds Wealth or its IARs, investments in securities may be recommended for clients. If LPL is selected as the broker-dealer, LPL and its registered representatives, including IARs of Dodds Wealth, may receive commissions for executing securities transactions.

You are advised that if LPL is selected as the broker-dealer, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker/dealers. You should note, however, that you are under no obligation to purchase securities through IARs of Dodds Wealth or LPL.

Moreover, you should note that under the rules and regulations of FINRA, LPL has an obligation to maintain certain client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require LPL to coordinate with and have the cooperation of its registered representatives that operate as, or are otherwise associated with, investment advisers other than LPL. Accordingly, LPL may limit the use of certain custodial and brokerage arrangements available to clients of Dodds Wealth and LPL may collect, as paying agent of Dodds Wealth, the investment advisory fee remitted to Dodds Wealth by the account custodian. LPL may charge an administrative Fee to the Firm. This charge will not increase the advisory fee you have agreed to pay Dodds Wealth.

IARs of Dodds Wealth, in their capacity as registered representatives of LPL, or as agents appointed with various life, disability or other insurance companies, receive commissions, 12(b)-1 fees, fee trails, or other compensation from the respective product sponsors and/or as a result of effecting securities transactions for clients. However, clients should note that they have the right to decide whether or not to purchase any investment products through Dodds Wealth’s representatives.

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## **OTHER AFFILIATIONS**

Additionally, management personnel of Dodds Wealth may engage in outside business activities. As such, these individuals can receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of investment advisory Clients. Clients are not under any obligation to engage these individuals when considering implementation of these outside recommendations. The implementation of any or all recommendations is solely at the discretion of the Client.

Our Firm does not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

Neither our firm nor any of its management persons are registered or have an application pending to register as a broker-dealer.

Clients should be aware that the ability to receive additional compensation by our Firm and its management persons or employees creates conflicts of interest that impair the objectivity of the Firm and these individuals when making advisory recommendations. Our Firm endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps, among others to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for the Firm and our employees to earn compensation from advisory clients in addition to the Firm's advisory fees.
- we disclose to clients that they have the right to decide to purchase recommended investment products from our employees.
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives, and liquidity needs.
- the Firm conducts regular reviews of each client advisory account to verify that all recommendations made to a client are in the best interest of the client's needs and circumstances.
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed.
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm.

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## **AGGREGATION AND ALLOCATION OF TRANSACTIONS**

We may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients

and terms defined in the client Agreement. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day.

We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully disclosed separately to our existing clients (if any) and the broker/dealer(s) through which such transactions will be placed;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our Agreement with you for which trades are being aggregated.
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction.
4. We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients.
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
6. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
7. We will receive no additional compensation or remuneration of any kind because of the proposed aggregation; and
8. Individual advice and treatment will be accorded to each advisory client.

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#### **BROKERAGE FOR CLIENT REFERRALS**

Dodds Wealth does not receive client referrals from any custodian or third party in exchange for using that custodian or third party.

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#### **TRADE ERRORS**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the Custodian, the Custodian will be responsible for covering all trade error costs. Our Firm will never benefit or profit from trade errors.

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#### **DIRECTED BROKERAGE**

We do not routinely recommend, request or require that you direct us to execute transaction through a specified broker dealer. Additionally, we do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

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#### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING**

Our Firm and persons associated with us are allowed to invest for their own accounts, or to have a financial investment in the same securities or other investments that we recommend or acquire for your account and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, and the prohibition against the use of inside information.

The Code of Ethics is designed to protect our clients to detect and deter misconduct, educate personnel regarding the Firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of Dodds Wealth , safeguard against the violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the Firm's ethical principles.

We have established the following restrictions in order to ensure our Firm's fiduciary responsibilities:

- No supervised employee of Dodds Wealth shall prefer his or her own interest to that of the advisory client. Trades for supervised employees are traded alongside client accounts.
- We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of Dodds Wealth.
- We emphasize the unrestricted right of the client to decline implementation of any advice rendered, except in situations where we are granted discretionary authority of the client's account.
- We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- Any supervised employee not in observance of the above may be subject to termination.

None of our associated persons may affect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the Firm's procedures.

You may request a complete copy of our Code by contacting us at the address, telephone, or email on the cover page of this Part 2; ATTN: John Michael Dodds , Chief Compliance Officer.

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#### **ACCOUNT REVIEWS AND REVIEWERS – INVESTMENT SUPERVISORY SERVICES**

Our Investment Adviser Representatives will monitor client accounts on a regular basis and perform annual reviews with each client. All accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance, and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax, or financial status. Geopolitical and macroeconomic specific events may also trigger reviews. You are urged to notify us of any changes in your personal circumstances.

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#### **STATEMENTS AND REPORTS**

Reports from our Firm are generated for clients on an annual basis or as requested. These reports show the rate of return of accounts under management of Dodds Wealth.

The custodian for the individual client's account will also provide clients with an account statement at least quarterly. You are urged to compare the reports provided by Dodds Wealth against the account statements you receive directly from your account custodian.

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#### **CLIENT REFERRALS & OTHER COMPENSATION**

Our Firm does not accept nor receive compensation for client referrals.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing-expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

Our Firm may be asked to recommend a financial professional, such as an attorney, accountant, or mortgage broker. In such cases, our Firm does not receive any direct compensation in return for any referrals made to individuals or firms in our professional network. Clients must independently evaluate these firms or individuals before engaging in business with them and clients have the right to choose any financial professional to conduct business. Individuals and firms in our financial professional network may refer clients to our Firm. Again, our Firm does not pay any direct compensation in return for any referrals made to our Firm. Our Firm does recognize the fiduciary responsibility to place your interests first and have established policies in this regard to mitigate any conflicts of interest.

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## **CUSTODY**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), our Firm is deemed to have constructive custody over those client accounts where we are able to deduct our fees directly from the account. As long as we comply with certain regulatory requirements, this constructive custody does not mandate that we undergo a surprise audit for those accounts. Our clients receive account statements directly from the qualified custodian at least quarterly. We also send clients quarterly reports that we produce using our portfolio accounting system. We strongly urge our clients to compare such reports with the statements received from the qualified custodian. Furthermore, when we calculate our investment management fees and instruct the custodian to remit these fees to us directly from clients' accounts,

the custodian does not verify our calculation of fees. We perform quarterly testing to ensure that our fees are charged in accordance with the client's Agreement.

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#### **STANDING LETTERS OF AUTHORIZATION – THIRD PARTIES**

Our Firm is deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under "Standing Instructions". All our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our Firm has adopted the following safeguards in conjunction with our custodians:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.



- The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

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**FINANCIAL INFORMATION**

Our Firm does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.