

# **Firm Brochure**

(Part 2A of Form ADV)

## **ACT Financial Services, LLC dba Advisor Financial Services**

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**AdvisorFinancialServices.com**

**November 30, 2011**

This brochure provides information about the qualifications and business practices of ACT Financial Services, LLC, doing business as (dba) Advisor Financial Services (AFS). If you have any questions about the contents of this brochure, please contact us. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC), or by any state securities authority.

AFS is a registered investment advisor firm. Registration of an investment advisor firm does not imply any level of skill or training. The oral and written communications of an investment advisor provide you with information you may use to determine whether to hire or retain that advisor. Additional information about AFS and its investment advisor representatives is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## Item 2. Material Changes

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### **Annual Update**

The Material Changes section of this Brochure will be updated annually, within 120 days of the close of our fiscal year, when any material changes occur since the previous release of the Brochure.

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### **Material Changes since the Last Update**

The U.S. Securities and Exchange Commission (SEC) issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

This Brochure dated November 30, 2011 is a new document prepared according to the new requirements and rules. As such, this Brochure is materially different in structure and requires certain new information that our previous Brochure did not require.

In the future, this section will discuss only specific material changes that are made to the Brochure and provide a summary of such changes. We will also reference the date of our last annual update of our Brochure.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, without charge, please visit our website or contact us.

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## Item 4. Advisory Business

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### Firm Description

ACT Financial Services, LLC, is a Limited Liability Company, founded in 1998, doing business as (dba) **Advisor Financial Services**. The firm is referred to as "Advisor" or "AFS" below, and offers investment advisory, investment management, financial planning and consulting services to its Clients.

Advisor offers services to individuals, high net worth individuals and small businesses.

Advisor is a fee-based financial planning and investment management firm. The firm **does not sell** insurance, annuities, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm **is not affiliated** with other firms that sell financial products or securities. No sales commissions are accepted. No finder's fees are accepted.

Owner Gerald J Lucas is licensed for life, health and accident insurance and annuities. He receives a commission on the sale of these financial products. Clients seeking insurance or annuities are free to choose any agent.

A securities brokerage firm or trust company serves as custodian of client assets and provides account statements. The client always maintains asset control. For managed accounts, Advisor places trades for clients under a limited power of attorney. For investment advisory accounts, clients place trades for their own accounts.

Other professionals (e.g., lawyers, accountants, tax preparers, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the event they should occur.

The initial meeting, which may be in person or by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning, consulting, investment advisory or investment management services may be beneficial to the client.

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### Principal Owners

Gerald J Lucas is the principal member (owner) of the LLC.

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### Types of Advisory Services

Advisor offers investment advisory, investment management, financial planning and consulting services.

As of November 30, 2011, Advisor manages approximately \$750,000 in assets for approximately 15 clients. Approximately \$750,000 is managed on a discretionary basis. No assets are managed on a nondiscretionary basis, but we attempt to discuss trade recommendations with our clients.

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### Tailored Relationships

Investment policy statements are selected that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

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### Types of Agreements

The following agreements define the typical client relationships.

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## Financial Planning Agreement

### FINANCIAL PLANNING AND CONSULTING SERVICES

- Advisor offers financial planning and consulting services to Clients encompassing one or more of the following:
- Budgeting, cash flow and credit analysis
- Income tax planning
- College education planning
- Retirement planning
- Long term care planning
- Insurance analysis and planning
- Estate Planning
- Asset protection planning and consulting
- Business financial planning and consulting
- Executive benefits planning
- Employee benefits analysis and planning
- Real estate consulting
- Property management consulting
- Economic and market analysis consulting
- Other financial services and special projects or assignments
- **Advisor does not offer or provide any legal, tax or accounting advice**

Information will be obtained through questionnaires and interviews with each Client concerning the Client's current financial status, future goals, desired strategies and attitudes towards risk. Related documents supplied by the Client are reviewed, along with data gathered from the Client. A written, e-mail, verbal or telephone report may be issued.

For a written financial plan or report, Advisor charges a fixed fee ranging from \$100 and up, unless otherwise agreed upon between Advisor and the Client, which will be quoted prior to the contract being executed. The fee for this service will be determined according to the complexity, estimated amount of time involved, the Client's net worth and the areas to be addressed. A quote of estimated time involved will be given upon contracting with the Client.

Advisor will, upon Client's request, continue to be available at a maximum hourly rate of \$100 per hour for the implementation of the Client's plan, any subsequent evaluation, analysis function, or specific securities or investment related advice. Annual updates may also be provided upon contracting with the Client.

Clients not in need of a financial plan but rather seeking advice or research in one or more planning or consulting areas or on specific securities issues may be charged a maximum rate of \$100 per hour.

To assist certain Clients, such as small public or private companies in need of services, Advisor will consider accepting payment for services in the form of securities rather than cash.

**Advisor does not offer or provide any legal, tax or accounting advice.**

Advisor will require each Financial Planning and Consulting Client to enter in a written Advisor Services Agreement (Agreement) which sets forth the rights and obligations of Advisor and the Client. The Agreement provides that fees may be negotiable. In addition, the Agreement provides that fees are paid as services are rendered unless otherwise agreed upon between Advisor and the Client. Agreements continue until terminated, unless otherwise stated. The Agreement provides for termination by either party upon thirty (30) days written notice. There are no provisions for refunds after services have been rendered or work is completed. Clients who terminate the Agreement within five (5) days of signing the Agreement shall be provided a full refund. Fees will be in compliance with SEC Rule 205-3. The Agreement may not be assigned without the prior written consent of the affected party.

In some cases, a conflict of interest may exist between the interests of Advisor and the interests of the Clients. The Client is under no obligation to act on Advisor's recommendation. If the Client elects to act on any of the recommendations, the Client is under no obligation to effect any transactions through an associated person of Advisor when such person is employed as an agent with a licensed broker, dealer or annuity or insurance company.

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## Advisory Service Agreement

### INVESTMENT CONSULTATIONS AND INVESTMENT ADVISORY SERVICES (Level 1 and Level 2 Service)

**Advisor Support (Level 1 Service)- Advisor Support** service is most appropriate for Clients who wish to manage their own investments but need some **initial or occasional assistance** in designing a properly diversified portfolio or who have other investing and financial questions. **Advisor Support** service includes initial investment and asset allocation analysis, market analysis, economic analysis and recommendations. Occasional telephone or online support is also included. Fees are negotiable and will be charged at a maximum rate of \$100 per hour for this service. Fees are paid when services are rendered unless otherwise agreed. The same refund and termination policies as would apply to Financial Planning and Consulting Services apply to this service. An Advisor Services Agreement must be executed.

**Advisor Update (Level 2 Service)-** This service is most appropriate for Clients who wish to manage their own investments but desire **initial and ongoing assistance, recommendations and alerts** in designing and managing a diversified portfolio, making adjustments for changing conditions and assistance with other investing and financial questions. **Advisor Update** service includes Level 1 Advisor Support services listed above, plus investment monitoring, advisory alerts, charts, graphs, and dynamic asset allocation and other signals from Advisor's proprietary computer models for individuals, retirement plan participants, other advisors and institutional Clients that wish to manage their own investments or their Clients' investments but need assistance with ongoing investment decisions. **Advisor Update** may be useful to plan fiduciaries or Clients who are plan participants in an employer sponsored retirement plan such as a 401(k), 403(b), 457, Keogh, Profit Sharing, SEP IRA, SIMPLE IRA or individual retirement plans such as a traditional IRA, Roth IRA, education IRA or rollover IRA. Client decides whether or not to follow recommendations.

**Advisor Update (Level 2 Service)** is available for a fixed or negotiated fee by executing an Advisor Services Agreement (Agreement) which sets forth the rights and obligations of Advisor and Client. **Advisor Update** may be provided as agreed upon by mail, e-mail, telephone, fax or website. Fees are payable quarterly or semi-annually, in advance or arrears, as agreed. The Agreement shall not require the prepayment of more than \$500 in fees or 6 or more months paid in advance. Advisor or Client may cancel service with thirty (30) days written notice. Upon termination, Client shall receive a pro-rated refund for the unearned portion of any advance fee paid. Advisor reserves the right to provide **Advisor**

**Update** service to Clients or prospective Clients at no cost. Clients shall not share, copy, transmit, or forward **Advisor Update** to others or use for any commercial purpose without written permission.

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## Investment Management Agreement

**Advisor Management (Level 3 Service)** provides investment management services to individuals, businesses, institutions, trusts, and employee benefit plans. Accounts managed by Advisor may be invested in a wide range of securities including mutual funds, exchange traded funds, individual equities, fixed income securities, alternative investments, derivatives, other securities and cash or cash equivalents. Advisor provides similar asset management services for variable annuity/variable life insurance accounts.

The **Advisor Management** program includes the following:

**Investor Profile** - Selection of the appropriate investment portfolio is by mutual agreement between Client and Advisor, based upon discussion and Client's responses to an investor profile questionnaire involving investment objectives, experience, risk tolerance, risk capacity, desired strategies, net worth, net income, age, time frame, tax situation and various other factors.

**(1) Custom Portfolio Management** - Advisor provides asset management of Client's funds. Advisor designs and manages the Client's custom portfolio. Investments are determined based upon the Client's investment objectives, risk tolerance, net worth, net income, age, time frame, tax situation and other various suitability factors. Advisor manages the Client's custom accounts on an individualized basis. Further restrictions and guidelines imposed by Clients may affect the composition and performance of custom portfolios. For these reasons, performance of custom portfolios within the same investment objective may differ and Clients should not expect that the performance of their custom portfolios will be identical to any other Client of Advisor. Strategic and dynamic asset allocation programs are available.

**Reallocations, exchanges and sales of securities will create taxable events except when tax-exempt or tax-deferred accounts or vehicles are used. Advisor gives priority to investment decisions over tax decisions and personal tax consequences for Client are not a primary consideration.**

**or (2) Flexible Portfolio Management** - Advisor provides asset management of Client's funds. Advisor designs, revises, reallocates and manages flexible portfolios. Advisor is authorized to use a wide variety of investments and asset classes in an attempt to seek profits and to protect capital under a wide range of changing environments. Portfolios shall attempt to achieve returns when they can reasonably be expected under prevailing market conditions and account objectives. **Advisor does not promise or guarantee profits. Client is advised to make regular additional contributions to their account to achieve goals.**

Flexible portfolio objectives include **Preservation, Income, Conservative Growth, Moderate Growth, and Aggressive Growth**. Alternate names for the portfolios may be used for marketing purposes. Equities and alternative investments may be used in the **Preservation** and **Income** portfolios to preserve and increase portfolio value.

Specific investments, timing and proportions are determined by Advisor and vary over time. Flexible portfolios may include all types of mutual funds, securities or asset classes such as domestic, international, and emerging market stocks, bonds and CDs, ADRs, sector funds, focus funds, leveraged funds, precious metals stock funds, bullion funds, funds using derivatives and short selling, bear market funds, and individual stocks, IPOs, bonds, convertibles, preferred stocks, MLPs, royalty trusts, REITs, ETFs, and closed end funds. Other investments may also be used when in the Client's best interest. Direct participation programs may be used when approved by Client.

All types of Alternative Investments are allowed including low-priced and microcap stocks, private equities, venture capital funds, market neutral funds, long-short funds, hedged funds, merger funds, arbitrage funds, event-driven funds, rotation and timing funds, deep value and distressed securities, special situations, linked securities, options, warrants and derivatives.

Depending upon specific entry and exit dates, times, prices, securities, restrictions, availability and other factors, performance and composition of portfolios with the same investment objective will differ. Clients should not expect that the performance and composition of their portfolios will be identical to other Clients of Advisor with the same portfolio objective.

During declining markets or extreme conditions, Advisor may buy or sell investments as deemed necessary in an attempt to protect portfolio or take advantage of opportunities. Advisor may use a **bear market portfolio** or up to 100% cash as an alternate to the normal portfolio.

Advisor shall provide Client with a flexible portfolio description table showing the investment categories and proportions to be used in constructing and managing the desired flexible portfolio. Advisor shall have **limited discretion** and shall be restricted to choosing investment types and proportions in accordance with the flexible portfolio description table as approved by Client. The flexible portfolio description table may also be considered to serve as a Client approved **Investment Policy Statement**.

**Flexible portfolios** are managed using proprietary methods, technical analysis and dynamic asset allocation models intended, but **not guaranteed**, to seek profits, manage risks and take defensive action when needed. Advisor believes sophisticated computer models, methods, experience and advanced analytical and engineering skills add value for Clients but makes **no claims or guarantee of future performance**. Advisor continues to revise models and methods as ongoing study and research reveals promising improvements.

**Reallocations, exchanges and sales of securities will create taxable events except when tax-exempt or tax-deferred accounts or vehicles are used. Advisor gives priority to investment decisions over tax decisions and personal tax consequences for Client are not a primary consideration.**

Some custodians, mutual funds, or brokerage firms may charge additional fees for short-term redemptions (usually if sold within 90 days). Advisor shall seek to minimize redemption and transaction fees, but such fees will occur when model generates buy/sell signals, trends reverse direction quickly (whipsaws), stop-loss, time-stop or profit taking levels are reached, or when poor performers are replaced within the short-term period. **Individual securities may be used and Client shall pay transaction fees in addition to Advisor's management fee. Advisor does not receive any commissions from transactions.**

Client may impose reasonable restrictions on the management of Client's Account, as written under **Special Provisions** addendum to Investment Management Agreement, including the ability to restrict the purchase of certain mutual funds, securities or sub-accounts.

**Customized portfolios** are also available upon request. Strategic and dynamic asset allocation programs are available.

**Wrapped Consulting Services Included-** Clients maintaining Advisor managed accounts or purchasing products or other services from Advisor shall be entitled to a limited amount of consultation and advisory time with the Advisor throughout the year to discuss a variety of financial topics and matters at no additional cost. The amount of time to be included shall be negotiated between Advisor and Client and related to the size of the managed account or amount of products or other services purchased, with larger accounts and amounts being entitled to more consulting time than smaller accounts and amounts. For matters requiring more than the agreed upon limited consulting time, a separate written Advisor Services Agreement shall be required to compensate Advisor for additional time.

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## Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying Advisor in writing and paying the pro-rated fee amount for services rendered prior to notice of termination. If the client made an advance payment, Advisor will refund any unearned portion of the advance payment.

Advisor may terminate any agreement at any time by notifying the client in writing. If the client made an advance payment, Advisor will refund any unearned portion of the advance payment.

## Item 5. Fees and Compensation

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### Description

Advisor bases its fees on a percentage of assets under management, hourly charges, or fixed fees.

Financial planning and consulting is priced according to the degree of complexity, research and analysis associated with the client's situation.

Fees are *NEGOTIABLE*.

Advisor is compensated on the basis of fees calculated as a percentage of assets under management in providing the investment management services described above. The following represents Advisor's current basic fee structure:

**CUSTOM AND FLEXIBLE PORTFOLIOS:  
FIXED INCOME, EQUITY, BALANCED AND MIXED ACCOUNTS  
(Objectives: Preservation, Income, Conservative Growth, Moderate Growth,  
Aggressive Growth)**

Market Value of Assets	Maximum Quarterly Fee	Maximum Annual Fee
\$10,000 to \$49,999	0.60%	2.40%
\$50,000 to \$99,999	0.55%	2.20%
\$100,000 to \$249,999	0.50%	2.00%
\$250,000 to \$499,999	0.45%	1.80%
\$500,000 to \$999,999	0.40%	1.60%
\$1,000,000 and above	0.35%	1.40%

**Additional Options Fee.** Accounts utilizing options and LEAPS are subject to an additional maximum quarterly fee of 0.25% (additional maximum annual fee of 1.00%) due to the increased amount of time, skill, knowledge and administration needed to use options and LEAPS. Advisor may require Client to demonstrate adequate suitability and understanding of options and option strategies before approving the use of options.

All fees listed are negotiable. Advisor reserves the right to reduce or waive minimum account size and fees at its sole discretion. Advisor reserves the right to change the above fee schedule with thirty (30) days advance written notice. Accounts may be subject to a minimum annual fee of \$240 rather than a percentage fee. Advisor may charge a setup fee not exceeding \$100 to establish a new account or to change from one portfolio objective to another. Higher or lower fees and minimums may be available elsewhere.

Advisor will require each Client to enter in a written Investment Management Agreement (Agreement) which sets forth the rights and obligations of Advisor and the Client. The Agreement provides that fees may be negotiable and fees charged for investment management services are payable quarterly or semi-annually, in advance or arrears, as agreed, utilizing the then-current fee structure, based upon the market value of assets in the Client's account on the last business day of the preceding calendar quarter. The Agreement shall not require the prepayment of more than \$500 in fees or 6 or more months paid in advance

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### **Fee Billing**

Investment management fees are billed quarterly, in *ARREARS*, meaning after the three-month billing period has *ENDED*. Payment in full is expected promptly upon invoice presentation. Fees may be paid separately or deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Fees for financial planning or consulting are billed upon delivery of the financial plan or completion of the consultation.

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### **Other Fees**

Custodians may charge transaction fees on purchases or sales of stocks, bonds, certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. Discount brokerage firms are used to minimize transaction fees. Custodians may also charge account closing fees or transfer fees.

Advisor, in its sole discretion, may waive or reduce its minimum fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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### **Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by client to Advisor.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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### **Past Due Accounts and Termination of Agreement**

Advisor reserves the right to stop work on any account that is past due. In addition, Advisor reserves the right to terminate any financial planning or consulting engagement where a client has concealed or refused to provide pertinent information about financial situations when necessary and appropriate, in Advisor's judgment, to providing proper financial advice or consulting. Any unused portion of fees collected in advance will be refunded within 30 days.

## **Item 6. Performance-Based Fees**

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed accounts.

Advisor does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for Advisor to recommend an investment that may carry a higher degree of risk to the client.

## Item 7. Types of Clients

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### Description

Advisor generally provides services to individuals, high net worth individuals or small businesses.

Client relationships vary in scope and length of service.

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### Account Minimums

The minimum portfolio value is typically \$50,000 of assets under management. Our fee schedule applies.

Advisor has the discretion to waive the account minimum. Accounts of less than \$50,000 may be set up when the client and Advisor anticipate the client will add additional funds to the accounts bringing the total to \$50,000 within a reasonable time. Other exceptions may apply to employees of Advisor and their relatives, or relatives of existing clients.

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

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### Methods of Analysis

Security selection and analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis. Proprietary rules and computer models may be used.

The main sources of information include stock charting software, financial newspapers, magazines and newsletters, financial programs on radio and television and Internet, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that Advisor may use include mutual fund, ETF information, stock information, and company information on the Internet.

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### Investment Strategies

The primary investment strategy used on client accounts is tactical asset allocation, with high priority on asset protection to control the risk associated with declining and volatile markets.

Accounts may be moved to 100% cash for long periods during recessions, volatile markets and bear markets as a defensive strategy, or when client has not communicated with Advisor for six months or more.

The investment strategy for a specific client is based upon the objectives stated by the client. The client may change these objectives at any time by written notice. **Each client chooses an Investment Policy Statement that documents their objectives and their desired investment strategy.**

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Other strategies may include long-term purchases, short-term purchases, active investing and trading.

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## Risk of Loss

All investment programs have certain risks that are borne by the investor. **Investing in securities or alternative investments involves risk of loss that clients should be prepared to bear.** Our investment approach keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, military, economic and social conditions, malfunctions, weather, disasters and news may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the U.S. dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. Some businesses carry a higher risk of loss than others. Some industries are more affected by recessions and economic cycles.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing (leverage) to finance business operations increases the risk of loss, because the company must meet the terms of its debt obligations in good times and bad. During periods of financial stress, the inability to obtain financing or to meet debt obligations may result in foreclosure, bankruptcy and/or declining asset values.

## Item 9. Disciplinary Information

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### Legal and Disciplinary

Advisor and its employees have not been involved in legal or disciplinary events related to past or present clients.

## Item 10. Other Financial Industry Activities and Affiliations

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### Financial Industry Activities

Advisor does not operate as an investment custodian or broker dealer.

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### Affiliations

Advisor has no outside affiliations material to its business.

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

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### Code of Ethics

The employees of Advisor have committed to a Code of Ethics. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### Participation or Interest in Client Transactions

Advisor and its employees may buy or sell securities or other investments that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Advisor's *Compliance Manual*.

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### Personal Trading

The Chief Compliance Officer of Advisor is Gerald Lucas. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since employee trades are small dollar amounts of mutual funds, stocks, bonds or ETF's, the trades do not affect the securities markets.

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## Item 12. Brokerage Practices

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### Selecting Brokerage Firms

Advisor does not have any affiliation with firms selling financial products. Specific custodian recommendations are made to clients based on their need for such services. Advisor recommends custodians based on the proven integrity and financial responsibility of the firm, best execution of orders at reasonable commission rates and availability of local branch locations for the convenience of the client.

Advisor recommends brokerage firms and trust companies (qualified custodians), including Scottrade and Equity Trust Company (ETC). Advisor is designated as a client advisor with these companies, to allow management of client accounts.

Advisor *DOES NOT* receive fees or commissions from any of these arrangements.

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### Best Execution

Advisor reviews the execution of trades at each custodian each quarter. The review is documented in the Advisor *Compliance Manual*. Trading fees charged by the custodians are also reviewed on a quarterly basis. Advisor does not receive any portion of the trading fees.

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**Soft Dollars**

Advisor receives access to some website platforms, tools, information, data, webinars and support because client assets are held at brokerage firms and custodians. Clients benefit from these services as it reduces the Advisor's overall expenses and provides client support.

The selection of brokerage firms and custodians for clients is not affected by these nominal services.

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**Order Aggregation**

Most trades are mutual funds or exchange-traded funds (ETF's) where trade aggregation does not garner any client benefit.

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## Item 13. Review of Accounts

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**Periodic Reviews**

Account reviews are performed quarterly by Gerald Lucas. Account reviews are also performed when requested by a client.

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**Review Triggers**

Other conditions that may trigger a review are major changes in the economy, new investment vehicles or investment information, or a client reporting major changes in a client's goals or financial situation.

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**Regular Reports**

Account reviews consider the client's current investment positions and the likelihood that the performance of each investment will contribute to the financial objectives of the client.

Advisor does not mail regular reports to clients. Updates and analysis may be published on the Advisor's website. Clients are encouraged to contact Advisor to discuss their account whenever questions arise, and agree to contact Advisor in writing whenever their goals or financial situation changes.

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## Item 14. Client Referrals and Other Compensation

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**Incoming Referrals**

Advisor may receive client referrals from current clients, attorneys, accountants, tax preparers, insurance agents, vendors, students, friends and other similar sources. The firm does not compensate referring parties for these referrals.

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**Referrals Out**

Advisor does not accept referral fees or other form of compensation from other parties when a prospect or client is referred to them.

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**Other Compensation**

None.

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## Item 15. Custody

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### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide paper statements or online account statements to clients by website access or directly at their address of record at least quarterly. Clients should review each statement carefully to check for any potential problems and should contact Advisor with any questions.

### **Performance Reports**

Clients agree to regularly review their account statements received directly from custodians to monitor account performance. Performance reports are not provided by Advisor.

### **Net Worth Statements**

Clients provide approximate net worth statements when an account is opened and whenever significant changes occur. The net worth statements are used for long-term financial planning, where the exact or current values of assets are not material to the financial planning tasks.

## Item 16. Investment Discretion

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### **Discretionary Authority for Trading**

Advisor accepts discretionary authority to manage investment accounts on behalf of clients. Advisor has the authority to determine, without obtaining specific client consent, the investments to be bought or sold, and the amount of the securities to be bought or sold. However, Advisor consults with the client prior to each trade to obtain approval if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid. Advisor does not receive any portion of the transaction fees or commissions paid by the client to the custodian or brokerage firm on trades.

Discretionary trading authority facilitates placing trades in client accounts on the client's behalf so that Advisor may implement the investment strategy that the client has approved in writing.

### **Limited Power of Attorney**

A limited power of attorney (LPOA) is used to provide trading authorization. Clients sign a limited power of attorney so that Advisor may execute trades that clients have approved.

## Item 17. Voting Client Securities

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### **Proxy Votes**

#### **Copy and paste proxy voting practices**

Advisor does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, Advisor may provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

## Item 18. Financial Information

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### Financial Condition

Advisor does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. Gerald Lucas is a real estate investor, affected by the economy and real estate markets.

A balance sheet is not required to be provided because Advisor does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$600 per client, and six months or more in advance.

## Item 19. Requirements for State-Registered Advisers

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### Principal Officers

Gerald Lucas is the CEO of Advisor.

For formal education and business background information,  
**see brochure supplement, Part 2B.**

### Other Business Activities

Gerald Lucas is a Colorado licensed independent insurance agent for life, health and accident insurance and annuities. Insurance and annuity sales occur on an occasional basis and do not require a significant amount of time.

He is also a Colorado Notary Public and provides mobile notary service by appointment. Appointments for general notary service typically require less than thirty minutes with the signer.

He is also CEO of ABC Legal Docs, LLC which provides Colorado Notary Training classes, notary signing agent services, other field services, online sales of legal forms and notary supplies, and marketing of legal service plans. Appointments for loan signing agent services typically require about ninety minutes with the signers. Live notary training classes are offered monthly.

## Brochure Supplement (Part 2B of Form ADV)

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### Education and Business Standards

Advisor requires that its advisors have basic knowledge of financial planning and investing, acquired by self-study, experience or formal education. Advisors should have experience that demonstrates their capabilities for financial planning and investment management.

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### Professional Certifications

Employees are not required to have earned Certified Financial Planner (CFP) or any other industry certification.

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### Gerald J Lucas

#### Education Background

University of Pittsburgh, Johnstown, PA	1972 – 73
Engineering studies	
Electronics Institute, Pittsburgh, PA	1973 – 74 AS
Electronic & Computer Technology	
University of Massachusetts, Amherst, MA	1975 Engineering studies
University of Colorado, Colorado Springs, CO	1981 Engineering studies
H&R Block Tax School	1984 Tax preparation

#### Professional licenses and associations

Series 6 Securities License- Mutual Funds & Variable Products	7/28/97
Series 63 Securities License- Uniform Securities Law (Multi-state license)	9/4/97
Series 65 Securities License- Investment Advisor	9/28/99
Colorado Insurance License- Life, health, disability	1/8/98
Member, Financial Planning Association (FPA)	1997 – 2003
Board Member, Secretary & Webmaster, FPA Southern Colorado	2000 – 2001
Member, Apartment Association of Colorado Springs (AACS)	1990 – Present
President, Apartment Association of Colorado Springs	1995 – 1996
Treasurer, Colorado Apartment Association	1995 – 1996
Board Member, National Apartment Association	1995 – 1996
National IROC Chairman, National Apartment Association	1995 – 1996

#### Business Background

ACT Financial Services, LLC	1998 - Present
Member and President financial services, investments, insurance	
Colorado Free University	1996 - 2011
Real estate instructor	
Colorado Springs School District 11	1998 - 2010
Real estate instructor, computer training instructor	
Commonwealth Financial Network	01/00 - 05/01
Registered Representative	
Money Concepts Financial Network	07/97 - 12/99

Registered Representative  
Digital Equipment Corporation (now Hewlett-Packard/COMPAQ) 1974 - 1998  
Principal Computer Design Engineer

**Community Involvement & Leadership**

Advisor, Colorado Springs Police Department (CSPD)	1992 - Present
Certified Crime Prevention Specialist	1994
Outstanding Public Service Award, CSPD	2002
Graduate, Dale Carnegie Leadership Program	1990
Graduate, Leadership Pikes Peak	1993
Ethel Horton Award for Outstanding Service, AACCS	2002

Disciplinary Information: none

Other Business Activities: insurance and annuity sales, Notary Public, instructor, real estate investor, stock and option investing and trading

Additional Compensation: None

Supervision: As the owner of the company, I receive no direct supervision.

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None