



## **ALLEN WEALTH MANAGEMENT, LLC**

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January 30, 2018

**FORM ADV PART 2  
DISCLOSURE BROCHURE**

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This brochure provides information about the qualifications and business practices of Allen Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at: (828) 268-9693. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Allen Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Allen Wealth Management, LLC is: 133038.

Allen Wealth Management, LLC 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.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated February 3, 2017 we have made the following changes to the ADV Part 2A.

1. The Passport Program is no longer available, clients will be moved the Ambassador Program.
2. Billing on Cash Reserves - Raymond James will no longer automatically exclude cash balances that exceed 20% of the Account Value for three consecutive valuation periods from the Account Value subject to the asset-based advisory fee. Clients that expect to hold cash balances in their advisory accounts should understand that the advisory fee will be assessed to these cash balances effective as of the July 2017 quarterly billing. As an alternative, clients may hold these cash balances in their brokerage account to avoid being assessed an advisory fee.
3. Administrative-Only Investments - Raymond James has modified its policy with respect to the designation of Administrative-Only Investments and how asset-based advisory fees are assessed to accounts that hold these assets. Effective June 1, 2017, clients will be unable to designate investments as Administrative-Only in their retirement accounts. In addition, effective as of the July 2017 quarterly billing, accounts that hold Administrative-Only Investments will no longer have the value of these investments included in the relationship value used to calculate the advisory fee.
4. **Wire Transfer Authority**  
Our firm or persons associated with our firm may effect third party wire transfers for client accounts without client written consent per transaction for client accounts. An adviser with authority to conduct unauthorized third party wire transfers on a client's behalf has access to the client's assets, and therefore has custody of the clients assets in any related accounts.

### Item 3 Table Of Contents

Item 1 Cover Page	Page 1
Item 2 Material Changes	Page 2
Item 3 Table Of Contents	Page 3
Item 4 Advisory Business	Page 4
Item 5 Fees and Compensation	Page 7
Item 6 Performance-Based Fees and Side-By-Side Management	Page 10
Item 7 Types of Clients	Page 10
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 10
Item 9 Disciplinary Information	Page 13
Item 10 Other Financial Industry Activities and Affiliations	Page 13
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 13
Item 12 Brokerage Practices	Page 15
Item 13 Review of Accounts	Page 16
Item 14 Client Referrals and Other Compensation	Page 16
Item 15 Custody	Page 16
Item 16 Investment Discretion	Page 17
Item 17 Voting Client Securities	Page 17
Item 18 Financial Information	Page 17
Item 19 Requirements for State Registered Investment Advisers	Page 18
Item 20 Additional Information	Page 18

## Item 4 Advisory Business

Allen Wealth Management, LLC, is a registered investment adviser based in Boone, North Carolina. We are organized as a limited liability company under the laws of the State of North Carolina. We have been providing investment advisory services since 2004. Jonathan C. Allen, Chief Compliance Officer, and Judd F. Allen, Investment Adviser Representative, are our principal owners.

Certain persons affiliated with our firm are also registered representatives of Raymond James Financial Services, Inc. ("RJFS"), a wholly owned subsidiary of Raymond James Financial, Inc. RJFS is a broker-dealer and member firm of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). RJFS is primarily in the business of selling securities and other investments including annuity, fixed and life insurance products.

RJFS is also affiliated with Raymond James & Associates, Inc. ("RJA"), a broker-dealer (member NYSE/SIPC) and an investment adviser registered with the Securities and Exchange Commission ("SEC").

Currently, we offer the following investment advisory service platforms:

- **Advisor - Financial Planning and Consulting Services**
- **Foundations - Professional Investment Management**
- **Legacy - Coordinated Wealth Management**

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Allen Wealth Management, LLC, and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### **Advisor - Financial Planning and Consulting Services**

Clients engaging us in this capacity are primarily interested in consultative financial planning. You may utilize these services in an as-needed or on-going basis. Financial planning will typically involve letting you choose specific issues you would like to discuss regarding the management of your financial resources. We will also perform an analysis of your individual needs in areas you may not specifically request help with, but we deem to be essential to your financial well-being. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. Once we review and analyze the information you provide to our firm, we will deliver a plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

If you chose to act on our financial planning recommendations, we may, at our discretion, waive or offset the financial planning fees should you choose to implement the advice through our portfolio management services as described below. We reserve the right to determine whether the financial planning fees will be waived or offset by the fees earned in the implementation process. The scope and complexity of the services that were provided will determine the waiver or offset of the fee.

We charge an hourly fee of \$300 for financial planning services, which is negotiable depending on the scope and complexity of the plan, your situation, and your financial objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee.

Fees are due upon completion of services rendered. We do not require prepayment of a fee more than six months in advance and in excess of \$500.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement.

### **Foundations - Professional Investment Management**

Some clients may wish to engage us solely for the purpose of professional investment management. Should you choose to engage us in this capacity, we will manage your portfolio according to established portfolio management techniques and principles. Further information on how we may manage your portfolio can be found in Item 8 of this document. Clients utilizing this option will have the ability to choose from among four objective based portfolios and must meet minimum investment requirements for each. We will manage each portfolio on a discretionary basis within the confines of a Investment Policy Statement and the Ambassador Account Program discussed below.

Also a part of our Professional Investment Management platform, we may suggest the use of third party managers to manage some or all of your assets using the programs offered by Raymond James as listed below:

#### **Freedom Account**

The Freedom Account is an investment advisory account which allocates your assets, through discretionary mutual fund or exchange traded fund ("ETF") management, based upon your financial objectives and risk tolerances. You appoint Raymond James & Associates, Inc. (RJA) as your investment adviser to select the representative funds and monitor their performance on a continuing basis.

#### **Freedom UMA Account**

The Freedom UMA Account is an investment advisory account which, like the Freedom account, allows you to allocate your assets through discretionary mutual fund or ETF management, based upon your financial objectives and risk tolerances. Additionally, your assets may be invested through affiliated or unaffiliated investment advisers ("Managers") registered with the SEC with which RJA has entered into a sub-advisory agreement.

For further information on the Freedom/Freedom UMA Account please refer to RJA's Part 2A Wrap Fee Appendix

### **Legacy - Coordinated Wealth Management Services**

Other clients may be interested in engaging our firm for both consultative financial planning and professional investment management. If you choose to engage us in this capacity, you will receive ongoing customized advice that incorporates planning for multiple aspects of your financial life as well

as professional portfolio management. Generally, for coordinated wealth management services, we require a minimum of \$500,000 per household to establish the advisory relationship and provide ongoing management services. At our discretion, we may waive this minimum threshold. We will manage each portfolio on a non-discretionary basis within the parameters of a Investment Policy Statement and the Ambassador Account Program described below. We will also provide financial planning services to you as needed.

Regardless of which platform you choose, we will assist you in organizing your financial information and determining the scope of services that are most suitable for your specific financial situation and needs. These financial planning services can simplify and determine financial and investment alternatives by:

- Defining and narrowing a client's objectives and investment options
- Identifying areas of greatest concern
- Creating a unique picture of the client's overall financial situation
- Providing an effective and efficient way for us to address a client's unique financial needs and objectives

Recommendations are based on your financial situation at the time the plan is presented. Such services may include, but are not limited to, cash flow analysis, insurance evaluation, and preparation of investment policy statements, investment reviews, and estate planning. You will be advised that certain assumptions may be made with respect to interest and inflation rates, as well as past trends, historical market performance, and the economy. Past performance is in no way an indication of future results. We cannot offer any guarantees or promises that your financial goals and objectives will be met. As your financial situation, goals, objectives, or needs change, you must notify us promptly.

Upon completion of the initial evaluation, we will provide implementation services in the form of portfolio management. We may also work in conjunction with your other professional advisers, e.g. accounting or legal. Under such arrangements, we will act as a project manager that coordinates the work of the appropriate parties in a manner consistent with your stated objectives.

We provide portfolio management services where the investment advice provided is custom tailored to meet your needs and investment objectives. The firm will manage your account(s) on a non-discretionary basis. We provide continuous supervision and re-balancing of the portfolio as changes in market conditions and client circumstances may require.

### **Ambassador Program**

We provide a fee-based account (termed an "Ambassador" account) through RJFS. Asset based fees are charged on these account assets. This allows clients to be provided with ongoing investment advice, asset allocation services and monitoring of securities holdings. There is a minimum account size of \$25,000 for this account type. Our IARs will manage the account on a non-discretionary basis according to the client's investment goals and objectives. The client is provided with quarterly portfolio summaries and performance analyses. This type of account can be utilized to buy, sell or otherwise trade stocks, bonds, mutual funds (at net asset value), exchange traded funds, options and preferred stocks. There are no transaction charges in Ambassador accounts.(See Item 5 below.)

### **Types of Investments**

We primarily offer advice on equity securities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities, US Government securities, options contracts on securities, managed futures, commodities, and interest in partnerships investing in real estate, oil and gas interests.

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship. We may also provide investment advice with respect to coins, fine art, or other alternative investments. Further, we may assist you in the purchase of numismatic and bullion coins if requested. You may request that we refrain from investing in particular securities or certain types of securities.

### **Assets Under Management**

As of January 18, 2018, we provide continuous management services for \$25,678,482 in client assets on a discretionary basis, and \$188,840,163 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

Please refer to the "Advisory Business" section in this Brochure for information on our advisory fees and refund policy according to each service we offer.

### **AMBASSADOR Program Fees**

We offer the Ambassador accounts as investment advisory accounts administered by RJA, primarily on a non-discretionary basis. You will be provided with ongoing investment advice and monitoring of your securities holdings. Effective October 1, 2017, we will be utilizing the Ambassador account as the fee based investment account for new client's investments allocated to fee based management held at RJFS. As of October 1, 2017 existing client accounts utilizing the Passport fee based investment account will migrate to Ambassador accounts. Ambassador accounts will not have any transaction charges paid by the client. These charges will be considered to be part of the all inclusive fee charged to the client account.

The advisory fees for Ambassador Accounts are as follows:

Assets Under Management	Annual Fee
Up to \$5,000,000	1.00%
\$5,000,001 - \$10,000,000	0.75%
Over \$10,000,000	0.50%

Fees are negotiable. The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value on the last business day of the previous calendar quarter, and becomes due the following business day. Client authorizes and directs RJA as Custodian to deduct asset-based fees from the Client's account; Client further authorizes and directs the Custodian to send a quarterly statement to the Client which shows all amounts disbursed from Client's account, including fees paid to Allen Wealth Management, LLC. Client understands that the brokerage statement will show the amount of the asset-based fee.

For mutual funds that provide RJFS with a 12b-1 fee, that fee is credited to the client account as a fee offset. Such mutual fund related fees are paid only when provided in the mutual fund's prospectus. As a registered representative of RJFS, our IARs do not receive any part of these payments.

Mutual funds may, from time to time, direct trades through RJFS as consideration for the broker/dealer processing mutual fund transactions for you. You may also incur charges for other account services provided by RJA not directly related to the execution and clearing of transactions. These include: IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for legal or courtesy transfers of securities.

The annual advisory fees charged in the Ambassador programs are in addition to the management fees and operating expenses charged by open-end, closed-end and/or exchange traded funds. If you intend to hold fund shares for an extended period of time, it may be less expensive for you to purchase fund shares outside of these programs. You may be able to purchase mutual funds directly from the respective fund families without incurring our advisory fee.

Shares of certain mutual funds offered in these programs may impose short-term trading charges (typically 1% - 2% of the amount originally invested) for redemptions made within a short period of time. These short-term charges are imposed by the mutual funds (and not RJFS or AWM) to deter "market timers" who trade actively in the fund's shares. These charges, operating expenses and management fees may increase the overall cost to the client by 1%-2% (or more) and are detailed in each fund's prospectus.

### **ADMINISTRATIVE-ONLY ASSETS**

Certain securities may be held in your Ambassador account and designated "Administrative-Only Investments". There are two primary categories of Administrative-Only Investments: Client-designated and Raymond James-designated. Client-designated Administrative-Only Investments may be designated by our firm should we decide not to collect an advisory fee on certain assets, while Raymond James-designated Administrative-Only Investments are designated by Raymond James in conformance with internal policy. For example, we may make an arrangement with a client that holds a security that we did not recommend or the client wishes to hold for an extended period of time and does not wish for us to sell for the foreseeable future. In such cases we may elect to waive the advisory fee on this security, but allow it to be held in the client's advisory account - such designations fall into the Client-designated category. Alternatively, Raymond James may determine that certain securities may be held in an advisory account but are temporarily not eligible for the advisory fee (such as for mutual funds purchased with a front-end sales charge through Raymond James within the last two years, new issues and syndicate offerings). Assets designated by Raymond James as temporarily exempt from the advisory fee fall into the Raymond James-designated category.

PLEASE NOTE: Due to Department of Labor ("DOL") regulations, the designation of Client-designated Administrative-Only Investments and the maintenance of such positions in the client's account are not permissible in DOL-impacted retirement accounts (such as IRAs and employer sponsored retirement plans). The underlying premise of this prohibition is that the maintenance of assets in an advisory account that are not being assessed an advisory fee introduces a potential conflict that our advice may be biased as a result of us not being compensated on this asset. As a result, we may recommend a course of action in our and not the client's interest (such as selling the security to increase our compensation). Raymond James has elected to preserve the ability for clients and their financial advisors to designate assets as Client-designated Administrative-Only in their non-DOL impacted accounts in order to maintain client choice and avoid the need to maintain a separate account to hold these securities or cash. Nevertheless, while Raymond James cannot accommodate this level of flexibility in DOL-impacted retirement accounts, clients can choose to maintain securities or cash in their brokerage account that they do not wish to be assessed an advisory fee.



Administrative-Only Investments will not be included in the Account Value when calculating applicable asset-based advisory fee rates. For example, a client whose Ambassador account holds \$750,000 of cash and securities that includes \$150,000 of Administrative-Only Investments will only have the asset-based fee rate assessed based on a \$600,000 Account Value, as follows:

First \$500,000 in assets charged at 2.50%            = \$14,500 annualized fee    (2.42% annualized rate)  
Next \$100,000 in assets charged at 2.00%

### **Billing on Cash Balances**

Raymond James assesses advisory fees on cash sweep balances ("cash") held in advisory accounts. Cash balances are generally expected to be a small percentage of the overall account value in managed accounts, although cash balances may fluctuate at any given time at our discretion.

Billing cash balances, particularly when the cash balance is maintained for an extended period of time or comprises a significant portion of the Account Value, may create a financial incentive for us to recommend maintenance of this cash versus investing in an otherwise advisory fee-eligible security. For example, it's generally expected that the advisory fee will be higher than the interest you will earn on this cash balance through your sweep account, so you should expect to achieve a negative return on this portion of your account, although such cash balances will not be subject to market risk (that is, risk of loss) associated with securities investments. As a result, you should periodically re-evaluate whether your maintenance of a cash balance is appropriate in light of your financial situation and investment goals, and should understand that this cash may be held outside of your advisory account and not subject to advisory fees.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Disclosure Brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

As previously disclosed, certain persons providing investment advice on behalf of our firm are registered representatives with RJFS, a securities broker-dealer, and a member FINRA/SIPC. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees.

This practice may present a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees.

This practice may present a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

At our discretion, we may offset our advisory fees to the extent our Associated Persons earn commissions in their separate capacities as registered representatives and/or insurance agents.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

If you engage us by using our Advisor platform, we will not require a minimum dollar amount to provide such services. If you wish to engage us by using the Foundations platform, we require a minimum investment of of \$25,000 or \$100,000 depending on which Foundations portfolio strategy you wish to employ. Generally, for those looking to utilize our Legacy platform, we require a minimum of \$500,000 per household to establish the advisory relationship and provide ongoing investment management services. At our discretion, we may waive this minimum threshold for those clients who do not qualify for our Legacy platform. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We will combine ("household") account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

### **Investment Strategies**

We may use one or more of the following investment strategies when formulating investment advice:

- Charting Analysis - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.
- Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- Technical Analysis - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- Cyclical Analysis - a type of technical analysis that involves evaluating recurring price patterns and trends.

### **Additional Risks**

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

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

Cyclical Analysis - Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

### **Methods of Analysis**

We may use one or more of the following methods of analysis when providing investment advice to you:

- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- Short Sales - a securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price.
- Margin Transactions - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.
- Option Writing - a securities transaction that involves selling an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer a premium (the market price of the option at a particular time) in exchange for writing the option.

We may use trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

### **Tax Considerations**

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

Moreover, as a result of revised IRS regulations, custodians and broker-dealers began reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Our firm or the TPA will elect the particular method on a client by client and transaction basis. If you do not provide us with your instructions, then the custodian or the TPA will default to the First In First Out ('FIFO') method.

You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

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

### **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we primarily recommend the following types of securities: Mutual Funds, Exchange Traded Funds, Stocks and Bonds. You should be advised of the following risks when investing in these types of securities:

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

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

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

## **Item 9 Disciplinary Information**

Allen Wealth Management LLC has been registered and providing investment advisory services since 2004. Neither our firm nor any of our associated persons has any reportable disciplinary information.

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

### **Registrations with Broker-Dealer**

As discussed above, certain persons providing investment advice on behalf of our firm are registered representatives with RJFS, a securities broker-dealer and member FINRA/SIPC.

### **Arrangements with Affiliated Entities**

We are affiliated with Allen Financial Advisors ("AFA") through common control and ownership. Therefore, persons providing investment advice on behalf of our firm are licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

These referral arrangements we have with our affiliated entities present a conflict of interest because we may have a financial incentive to recommend our affiliates' services. While we believe that compensation charged by our affiliates are competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use our affiliates' services and may obtain comparable services and/or lower fees through other firms.

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

Our Code of Ethics ("Code") is not exhaustive; it provides guidance for carrying out our daily responsibilities and observing the highest standards of ethical conduct in our business dealings. Because the Code does not address every possible situation that may arise, employees are responsible for exercising good judgment, applying ethical principles, and raising questions to the CCO when in doubt.

The framework of our Code of Ethics is built on seven aspirational principles. These principles are general statements which express the ethical and professional ideals we expect all employees to exercise and strive for in their professional lives.

- Principle 1 - Integrity
- Principle 2 - Objectivity
- Principle 3 - Competence
- Principle 4 - Fairness
- Principle 5 - Confidentiality
- Principle 6 - Professionalism
- Principle 7 - Diligence

We have established the following restrictions in order to ensure that fiduciary responsibilities are being observed in your account:

We emphasize your unrestricted right to specify investment objectives, guidelines, and/or conditions on the overall management of your account. Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by reason of the associated person's employment, unless the information is also available to the investing public on reasonable inquiry. No associated person of the firm shall prefer his or her own interest over your interest. Investment opportunities must be offered first to clients before we or our associated persons may participate in such transactions. We and our associated persons generally may not purchase and sell securities being considered for, or held by you without pre-clearance from the Compliance Officer. We and our employees generally may not participate in private placements or initial public offerings (IPOs) without pre-clearance from our Compliance Officer. We require that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices. Records will be maintained of all securities bought or sold by us, our associated persons, and related entities. A qualified representative of the firm will review these records on a regular basis. Any individual not in observance of the above may be subject to termination.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Jonathan C. Allen at (828) 268-9693.

#### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

#### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. Our firm or persons associated with our firm may recommend securities to you at the same time we or persons associated with our firm purchase such securities for our own account.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## Item 12 Brokerage Practices

We recommend the brokerage services and custodial services of RJFS and/or RJA (collectively "Raymond James"). We believe that Raymond James provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We consider the quality of the brokerage services provided by Raymond James along with the firm's reputation, execution capabilities, commission rates, reporting tools, and responsiveness to our clients and our firm. In recognition of the value of information services and additional management tools offered by Raymond James, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers.

### **Directed Brokerage**

Persons providing investment advice on behalf of our firm who are registered representatives of RJFS will recommend Raymond James to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from Raymond James unless RJFS provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through Raymond James.

It may be the case that Raymond James charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through Raymond James, these individuals (in their separate capacities as registered representatives of RJFS) may earn commission-based compensation as result of placing the recommended securities transactions through Raymond James.

You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend. However, if you do not use Raymond James, we may not be able to accept your account. Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **Block Trades**

On occasion, we combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

## Item 13 Review of Accounts

Jonathan C. Allen, Chief Compliance Officer, and Judd F. Allen, Investment Adviser Representative, of Allen Wealth Management, LLC, will monitor your accounts on a periodic basis and will conduct account reviews at least annually or more often based on your individual circumstances, to ensure the advisory services provided to you and that the portfolio mix are consistent with your current investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to: contributions and withdrawals, market moving events, security specific events, and/or, changes in your risk/return objectives.

We will not provide you with additional or regular written reports in conjunction with account reviews. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

Jonathan C. Allen, Member/Chief Compliance Officer, and Judd F. Allen, Member/Investment Adviser Representative, of Allen Wealth Management, LLC, will review your financial plan periodically upon your request to ensure that the planning advice and asset allocation recommendations made to you are consistent with your stated investment needs and objectives.

Written updates to the financial plan will not be provided in conjunction with the review. Such reviews and updates will be subject to our then current hourly rate. We will not provide regular written reports to you for financial planning and consulting services. If you implement financial planning advice through Raymond James & Associates, Inc., you will receive trade confirmations and monthly or quarterly statements from relevant custodians.

## Item 14 Client Referrals and Other Compensation

From time to time we may receive compensation in the form of sponsorship fees for seminars, meetings or conferences from product sponsors such as limited partnerships, mutual funds, insurance companies and annuity sponsors. Such sponsorship fees generally entitle the sponsor to an allotted presentation to representatives of our firm.

As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our advisory clients first. Clients should be aware, however, that the receipt of economic benefits in and of itself creates a potential conflict of interest.

As disclosed under the "Fees and Compensation" section in this Brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with RJFS. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section.

## Item 15 Custody

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.



### **Wire Transfer Authority**

Our firm or persons associated with our firm may effect third party wire transfers for client accounts without client written consent per transaction for client accounts. An adviser with authority to conduct unauthorized third party wire transfers on a client's behalf has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact Jonathan Allen, Chief Compliance Officer at (828) 268-9693 or at: jonathan.allen@raymondjames.com.

### **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, and the appropriate trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

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

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

### **Item 18 Financial Information**

We do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## **Item 19 Requirements for State Registered Investment Advisers**

We are an SEC registered investment adviser; therefore, this section is not applicable.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements (including the Gramm-Leach-Bliley Act), we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will never sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Jonathan Allen, Chief Compliance Officer at (828) 268-9693 or at: [jonathan@allenwealthmanagement.com](mailto:jonathan@allenwealthmanagement.com) if you have any questions regarding this policy.

### **Trade Errors**

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

### **Class Action Lawsuits**

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