

**ITEM 1: COVER PAGE FOR PART 2A OF  
FORM ADV: FIRM BROCHURE  
March 2026**



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This brochure provides information about the qualifications and business practices of Strategic Income Group LLC. If you have any questions about the contents of this brochure, please contact Michael Gauthier, Chief Compliance Officer, at (480) 466-7070 or by email at [info@strategicincomegroup.com](mailto:info@strategicincomegroup.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about Strategic Income Group LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD#: 165839.

Please note that the use of the term "registered investment adviser" and description of Strategic Income Group LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## ITEM 2: MATERIAL CHANGES TO OUR PART 2A OF FORM ADV: FIRM BROCHURE

**Strategic Income Group LLC** is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Since our annual amendment filing, we have the following material changes to disclose:

- We have increased the fee schedule for our Estate Planning services. Please see Item 5 below for further details.

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## ITEM 4: ADVISORY BUSINESS

Strategic Income Group LLC is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed in the State of Arizona. We have been in business as an investment adviser since March 2013 the firm is owned wholly by the Gauthier Family Trust.

### **Description of Advisory Services**

We specialize in the following types of services: Discretionary Portfolio Management, Comprehensive and Ongoing Financial Planning, Advanced Tax Strategy Coordination, Charitable and Legacy Planning, Estate Planning Coordination, Educational Content, and Strategic Client Events.

Our services are designed for individuals, families, business owners, executives, and fiduciaries who require an integrated, multi-disciplinary approach to managing significant wealth and long-term legacy objectives.

### **Strategic Wealth Management (“Portfolio Management”)**

As part of our Portfolio Management service, we design and implement customized investment strategies tailored to each client’s financial objectives, risk profile, tax considerations, liquidity needs, and long-term estate and philanthropic goals.

Client portfolios may consist of individual equities, fixed income securities, exchange traded funds (“ETFs”), mutual funds, options, structured products, alternative investments, private credit, private equity, real assets, and other public and private securities or investment vehicles. Investment strategies may incorporate income-oriented mandates, tax-efficient growth strategies, risk-mitigation structures, concentrated position management, liquidity event planning, and multi-asset allocation models.

For clients with substantial net worth, portfolio design may also include:

- Tax-aware asset location and asset allocation strategies
- Custom indexing and tax-loss harvesting strategies
- Concentrated stock diversification strategies
- Liquidity planning in anticipation of business sales or real estate transactions
- Private market allocations (subject to suitability and eligibility requirements)
- Risk management overlays designed to address volatility and sequence-of-returns risk
- Income distribution modeling for retirement and legacy planning

Portfolios are constructed to align with a clearly defined investment mandate established in coordination with the client’s broader financial plan. Once implemented, portfolios are continuously monitored and periodically rebalanced based upon market conditions, tax considerations, changes in client circumstances, and stated objectives.

Clients engaged in Strategic Wealth Management are required to engage our firm for ongoing Financial Planning services as described below in order to ensure coordination between investment management and broader planning strategies.

## **Financial Planning**

We provide comprehensive financial planning services on an ongoing basis to individuals, families, business owners, and other clients regarding the coordinated management of their financial resources. Our planning process integrates investments, taxes, estate planning, risk management, charitable giving, and intergenerational wealth transfer strategies.

Financial planning engagements generally include:

- Comprehensive review of current financial position
- Identification of long-term personal, family, and philanthropic objectives
- Cash flow modeling and stress testing
- Retirement and income distribution planning
- Tax-efficient withdrawal strategies
- Risk management and insurance coordination
- Estate and trust structure review
- Charitable planning and impact strategies
- Business succession and liquidity planning (when applicable)

Our written financial plans typically include observations, modeling results, and strategic recommendations for a course of action. Implementation of recommendations remains at the discretion of the client. Where appropriate, we coordinate with the client's attorney, CPA, or other professional advisors to support implementation.

Because many recommendations may involve tax or legal considerations, we do not provide legal advice. We may provide tax planning analysis and strategic coordination; however, tax return preparation and formal legal services are performed by qualified professionals retained separately unless otherwise disclosed.

### **SIG Financial Planning Program**

Our firm offers an ongoing three-phase proprietary financial planning program designed to align wealth with purpose, optimize long-term outcomes, and preserve generational legacy.

#### **(i) Foundational Phase**

In this phase, we work with clients to clarify objectives, define long-term priorities, and evaluate core financial infrastructure.

Services may include:

- Comprehensive financial baseline analysis
- Cash flow and liquidity planning
- Risk management review (life, disability, liability, property and casualty)
- Emergency reserve and liquidity stress testing
- Debt structure review and optimization analysis
- Net worth consolidation and digital financial dashboard access
- Identification of structural gaps in estate documents or beneficiary designations
- Initial tax projection and marginal rate analysis

The objective of this phase is to establish structural clarity and ensure the client's financial foundation can support long-term wealth accumulation and preservation.

## **(ii) Accumulation Phase**

In this phase, we focus on growth, tax efficiency, and strategic capital deployment.

Services may include:

- Retirement modeling under multiple economic scenarios
- Education planning and funding analysis
- Advanced investment allocation review and risk diagnostics
- Monte Carlo probability analysis
- Tax bracket management and multi-year tax projections
- Strategic Roth conversion analysis
- Capital gain realization planning
- Employer equity compensation planning (ISOs, RSUs, NQSOs)
- Business owner planning (entity compensation structures, liquidity events, exit preparation)
- Charitable giving strategies coordinated with tax planning (e.g., donor advised funds, appreciated asset gifting)

We may also conduct forward-looking stress testing under varying market, tax, and longevity assumptions to identify vulnerabilities and planning opportunities.

## **(iii) Strategic Income & Legacy Phase**

In this phase, we integrate investment management, tax strategy, estate planning coordination, and charitable intent into a cohesive long-term wealth and legacy plan.

Services may include:

- Retirement income sequencing strategies
- Tax-efficient distribution planning across taxable, tax-deferred, and tax-free accounts
- Required Minimum Distribution (RMD) optimization
- Social Security and pension maximization analysis
- Long-term care planning and self-insurance modeling
- Estate flow mapping and liquidity analysis
- Estate tax exposure modeling and transfer strategy coordination
- Review and discussion of advanced estate planning techniques, including but not limited to:
  - Irrevocable trusts
  - Grantor trusts
  - Charitable remainder trusts (CRTs)
  - Charitable lead trusts (CLTs)
  - Family limited partnerships (FLPs)
  - Intentionally defective grantor trusts (IDGTs)
  - Irrevocable life insurance trusts (ILITs)
  - Generation-skipping transfer planning

Charitable planning for high-net-worth clients may include:

- Donor advised fund strategy
- Appreciated asset gifting
- Qualified charitable distributions (QCDs)
- Private foundation coordination
- Impact investment allocation analysis (when appropriate and suitable)
- Multi-generational giving strategies and family governance discussions

Our objective in this phase is to help clients align wealth preservation, tax efficiency, and legacy objectives into a coordinated strategy.

### **Tax Strategy Coordination**

As part of our integrated planning process, we may provide forward-looking tax projections, multi-year marginal tax bracket analysis, capital gain planning, Roth conversion analysis, charitable deduction optimization, and tax-efficient withdrawal sequencing.

We coordinate with clients' tax professionals regarding implementation of strategies, including but not limited to:

- Capital gain timing strategies
- Income deferral or acceleration analysis
- Business income structuring considerations
- Trust income distribution coordination
- Estimated tax planning
- Gifting and estate tax planning coordination

Unless otherwise disclosed, we do not prepare tax returns. Tax return preparation and formal tax advice are provided by licensed tax professionals retained by the client.

### **Estate Planning Coordination**

We offer estate planning coordination services to assist clients in reviewing existing estate documents, identifying structural gaps, and organizing relevant financial data for discussion with legal counsel. We may collaborate with third-party estate planning professionals to facilitate implementation of recommended strategies. Estate planning document preparation is performed by licensed attorneys engaged directly by the client. Fees associated with estate planning coordination services are separate and in addition to ongoing advisory fees and are disclosed in Item 5.

### ***Strategic Income Fund, LP:***

The investment objective of Strategic Income Fund, LP ("SIF") is to combine an emphasis on creating a high level of income with capital preservation through varying market conditions, including both rising and declining rate environments. The General Partner leverages its managerial experience and strategic partnerships and seeks to invest in short-term, high-quality private loans secured in first position real estate under the applicable trust deeds. To achieve its objective, SIF seeks diversification of its assets through investments in loans of varying sizes, asset types, geographic locations and maturities. SIF will make its investments in loans by purchasing the loans from various private lending companies. There can be no assurance that SIF will achieve this objective or that substantial losses will not be incurred.

SIF's Private Placement Memorandum contains additional information about SIF, including a discussion of certain significant risks of investing in SIF. Prospective investors should read the SIF Private Placement Memorandum and Subscription Agreement carefully before investing.

### ***SIG Opportunities Fund, L.P.***

The investment objective of SIG Opportunities Fund, LP ("SIGOpps") is to combine an emphasis on capital appreciation and total return through varying market conditions, including both rising and

declining interest rate environments. Strategic Income Group LLC intends to leverage its managerial experience and strategic partnerships and seeks to invest in both public and private securities. To achieve its objective, SIGOpps seeks diversification of its assets through private real estate, private equity, publicly traded securities, venture capital investments, and other varying types of investment opportunities (each a "Portfolio Investment"). SIGOpps may make investments directly or by investing in other private investment funds (each, an "Underlying Fund" and collectively, the "Underlying Funds") managed by independent advisers (each, an "Underlying Manager"). Unless otherwise indicated, "Underlying Funds" may include pooled investment vehicles managed by the General Partner or its Affiliates (collectively, the "Affiliated Funds") and an "Underlying Manager" may reference the General Partner or its Affiliates, as applicable. Unless otherwise indicated, references to "Portfolio Investments" shall include any investments in Underlying Funds.

It is anticipated that SIGOpps will co-invest with third-party investors involved in the real-estate projects and may do so directly or indirectly through one or more companies, corporations, partnerships, limited liability companies, or other entities sponsored or managed by outside developers and operators (each such outside developer and operator, an "Outside Developer/Operator"), through which SIGOpps indirectly makes any such Portfolio Investment (each such entity, a "Special Purpose Vehicle"). There can be no assurance that SIGOpps will achieve its objective or that substantial losses will not be incurred.

SIGOpps's Private Placement Memorandum contains additional information about SIGOpps, including a discussion of certain significant risks of investing in SIGOpps. Prospective investors should read the SIGOpps Private Placement Memorandum, the Partnership Agreement and the Subscription Documents carefully before investing.

***Retirement Plan Consulting:***

Our firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education. Retirement Plan Consulting services typically include:

- Establishing an Investment Policy Statement – Our firm will assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Options – Our firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Our firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring – Our firm will monitor the performance of the investments and notify the client in the event of over/underperformance and in times of market volatility.

In providing services for retirement plan consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, "Excluded Assets"). All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit

plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

***Third Party Money Managers:***

Our firm utilizes the services of a third party money manager for the management of client accounts. Investment advice and trading of securities will only be offered by or through the chosen third party money manager. Our firm will not offer advice on any specific securities or other investments in connection with this service. Prior to referring clients, our firm will provide initial due diligence on third party money managers and ongoing reviews of their management of client accounts. In order to assist in the selection of a third party money manager, our firm will gather client information pertaining to financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account.

Our firm will periodically review third party money manager reports provided to the client at least annually. Our firm will contact clients from time to time in order to review their financial situation and objectives; communicate information to third party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the third party money manager. Clients will be expected to notify our firm of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

***Newsletters:***

We produce a newsletter providing general information on various topics including, but not limited to, estate and retirement planning, market trends, etc. No specific investment recommendations are provided in this newsletter and the information provided does not purport to meet the objectives or needs of any individual. We provide regular newsletters to our advisory clients free of charge.

***Educational Seminars:***

We conduct generic educational seminars intended to educate the public regarding investment related topics. The information contained in the seminar materials do not contain specific investment advice and is not intended to address the needs of specific individuals or contains. Seminars will be conducted by representatives of our firm. We do not earn any fees or revenues from the seminars.

***Tailoring of Advisory Services***

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We offer individualized investment advice to clients utilizing our Portfolio Management service. Additionally, we offer general investment advice to clients utilizing our Financial Planning, education, and newsletters services.

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

## Participation in Wrap Fee Programs

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We no longer offer a wrap fee program.

## Assets under Management

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We manage \$354,622,752 on a discretionary basis and \$7,785,000 on a non-discretionary basis as of December 31<sup>st</sup>, 2025.

## ITEM 5: FEES & COMPENSATION

We are required to describe our brokerage, custody, fees, and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Fees are generally negotiable on a per client basis at our firm's discretion. The distinguishing factors used as a basis for negotiating the fee will be based on the scope and complexity of our engagement with you. Lower fees for comparable services may be available from other sources.

### Our Compensation for Advisory Services

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#### *Strategic Wealth Management ("Portfolio Management")*

<b>Assets Under Management</b>	<b>Annual Percentage of Assets Charge</b>
\$0 to \$500,000	1.75%
Over \$500,000 to \$1,000,000	1.50%
Over \$1,000,000 to \$2,500,000	1.15%
Over \$2,500,000 to \$5,000,000	0.85%
Over \$5,000,000 to \$10,000,000	0.55%
Over \$10,000,000 to \$15,000,000	0.50%
Over \$15,000,000 and above	0.45%

Households with less than \$100,000 in fee-based accounts are subject to additional charges for financial planning services as outlined below. Households with less than a \$60,000 average per account are subject to an annual \$80 administrative fee per account.

Fees to be assessed will be outlined in the advisory agreement to be signed by the Client. Annualized fees are billed on a pro-rata basis monthly in advance based on the value of the account(s) on the last day of the previous month. Fees for certain illiquid private securities will be assessed based upon the most recently available valuation as provided by the sponsor. Fees will be deducted from client account(s). Adjustments will be made for deposits and withdrawals during the quarter. In rare cases, our firm will agree to directly invoice. As part of this process, Clients understand the following:

- a) Clients must provide our firm with written authorization permitting direct payment of advisory fees from their account(s) maintained by a custodian who is independent of our firm;
- b) Our firm sends quarterly statements to the client showing the fee amount, the value of the assets upon which the fee is based, and the specific manner in which the fee is calculated as well as disclosing that it is the client's responsibility to verify the accuracy of fee calculation, and that the custodian does not determine its accuracy; and

- c) The account custodian sends a statement to the client, at least monthly, showing all account disbursements, including advisory fees.

***Financial Planning:***

Fees for our Financial Planning service will be assessed either on a fixed fee or hourly basis. The fixed fee is based on the set dollar amount for a given service or set of services and it is charged monthly in advance as outlined in the table below. Hourly fees will not exceed \$500/ hour. The exact details will be outlined in the executed client agreement. Clients can select one of our different service levels based on their needs and financial circumstances. Phase I will provide budget planning, savings planning, insurance planning, and estate planning. In addition to the services offered in Phase I, Phase II offers investing tutorials, retirement needs analysis, educational needs analysis, household needs analysis, and a family investment policy statement. Finally, in addition to the services offered in Phase I and Phase I, Phase III will offer a comprehensive retirement analysis, social security analysis, pension analysis, stress-test portfolio, and complete legacy planning. We offer various special modules within each phase to help provide a fine-tuned planning service. Fees for our Financial Planning program are as follows:

**SIG Financial Planning Program**

<b>Household Assets</b>	<b>Planning Fee (Annualized)</b>	<b>Planning Fee (Monthly)</b>
Less than \$60,000	\$3675	\$306.25
\$60,000 to \$120,000	\$2625	\$218.75
Over \$120,000 to \$180,000	\$1575	\$131.25
Over \$180,000 to \$240,000	\$525	\$43.75
Over \$240,000	No Fee	No Fee

Clients engaged in our Financial Planning program are required to also engage our firm for Portfolio Management services.

Alternatively, we may also charge a flat fee for one time projects not to exceed \$10,000, payable upon rendering of services.

**529 Plan Consulting**

We also assist clients with setting up 529 plans. We charge a one-time fee for this service of \$250 per account. Our firm does not charge an ongoing fee based on the value of the assets.

***Estate Planning:***

The fee for this offering vary depending upon the service level selected from the options below. Fees may be negotiable in certain cases, will be agreed to at the start of the engagement, and are due at the end of the engagement. A portion of this amount will be retained by SIG, and the remainder remitted to Encore Estate Plans. Clients are not required to utilize any third party products or services that we may recommend and they can receive similar services from other professionals at a similar or lower cost.

- **Review of existing Estate Plan documents \$200**

- Have an attorney review and comment on your current Estate Plan and recommend any needed changes or updates.
- **SIG Client Creation of a new Will based plan \$1,095 (\$1,295 for non-clients)**
  - Living Will, Medical Power of Attorney, Financial Power of Attorney
- **SIG Client Creation of a new Trust based plan \$1,695 (\$1,895 for non-clients)**
  - State specific Revocable Living Trust, with Living Will, Medical Power of Attorney, Financial Power of Attorney, Community Property Agreements, HIPAA releases
- **Each Property Deed into new Trust = \$300**
- **Estate Plan Amendment = \$300**
- **Powers Package = \$275**
- **Business Assignments = \$100 per business assigned to the trust.**

***Retirement Plan Consulting:***

Our Retirement Plan Consulting services are billed on an hourly or flat fee basis or a fee based on the percentage of Plan assets under management. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. The maximum hourly fee to be charged will not exceed \$250. Our flat fees range from \$750 to \$10,000. Fees based on a percentage of managed Plan assets will not exceed 1.5%. The fee-paying arrangements will be determined on a case-by-case basis and will be detailed in the signed consulting agreement.

***Third Party Money Managers:***

The total annual advisory fee for this service shall not exceed 1.75%. The fees charged by the third party manager will be in addition to SIG's fee and shall be charged and disclosed either in our advisory agreement, or in an agreement executed between the client and their chosen manager.

***Strategic Income Fund, LP:***

The fees for our Portfolio Management services described above will be charged on client assets invested in this product in addition to the management fee charged on all fund assets. Please refer to SIF's Private Placement Memorandum and Subscription Agreement for more information on applicable fees.

***SIG Opportunities Fund, LP***

The fees for our Portfolio Management services described above will be charged on client assets invested in this product in addition to the management fee charged on all fund assets. Please refer to SIGOpps's Private Placement Memorandum and Subscription Agreement for more information on applicable fees.

***Newsletters:***

We provide regular newsletters to our advisory clients free of charge.

***Seminars:***

We do not earn any fees or revenues from the seminars.

## **Other Fees and Expenses**

Clients will incur transaction fees for trades executed by their chosen custodian. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. Charles Schwab & Co., Inc. ("Schwab") does not charge transaction fees for U.S. listed equities and exchange traded funds.

Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

## **Refunds Following Termination**

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We charge our Financial Planning fees monthly in advance. In the event that you wish to terminate our services listed in this section, we will refund the unearned portion of the advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

## **Commissionable Securities Sales**

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We do not sell securities for a commission in our advisory accounts.

## **ITEM 6: PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT**

### **Performance-Based Fees**

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Our firm no longer charges performance-based fees.

## **ITEM 7: TYPES OF CLIENTS & ACCOUNT REQUIREMENTS**

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts and Estates;
- Corporations, Limited Liability Companies and/or Other Business Types.

We do not require certain account sizes or minimum fees for opening or maintaining accounts with our firm. However, the basis for entering into an agreement with our firm is at the discretion of our management personnel.

Clients engaged in our Financial Planning program are required to also engage our firm for Portfolio Management services.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

### Methods of Analysis

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*Charting.* In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

*Fundamental Analysis.* We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

*Technical Analysis.* We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

*Cyclical Analysis.* In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

### Investment Strategies

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*Long-term purchases.* When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

*Short-term purchases.* When utilizing this strategy, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

*Trading.* We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

#### **Risk of Loss:**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

### Cash Balances in Client Accounts

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We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to Comprehensive Portfolio Management, as applicable.

#### **ITEM 9: DISCIPLINARY INFORMATION**

Neither our firm nor our management personnel have disciplinary events to disclose.

#### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS**

Truth in Financial Planning, LLC is a wholly-owned subsidiary of Strategic Income Group, LLC. Truth in Financial Planning is a company that offers financial planning education materials such as books on planning strategies, and information on speaking events attended by Michael Gauthier. Clients of Strategic Income Group may be solicited for products or services produced by Truth in Financial Planning, LLC, but are under no obligation to use them.

Michael Gauthier owns Certified Fiduciary Services, Inc. ("CFS"), an Arizona Supreme Court licensed private fiduciary. As such, our firm is deemed to have custody over client assets who utilize the services of our firm as well as those of CFS. Clients are under no obligation to engage CFS for any services and can select a trust company of their choice. Serving in this capacity as well as that of a financial advisor creates a conflict of interest as we are incentivized to recommend the use of our firm's advisory services. We will only recommend that clients engage both CFS and our firm when we deem it to be in their best interest.

Certain representatives of our firm are also licensed insurance agents. They may offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest arises as these insurance sales create an incentive to recommend products based on the compensation they earn. Clients are under no obligation to purchase insurance products from our supervised persons. In order to mitigate this conflict of interest, we fulfill our fiduciary duty by putting our client's interests ahead of our own.

Our firm is deemed to be an issuer of a securities, acting as a managing member of Strategic Income Fund, LP and SIG Opportunities Fund, LP ("the Funds"), both private investment funds. Clients of our firm may be solicited to invest in the Fund(s). Clients, however, are under no obligation to do so. Mr. Gauthier spends approximately 5 to 10 hours per month during trading hours with this outside business activity. For more information on the Fund(s), please refer to Items 4 and 5 of this Brochure.

Representatives of our firm are not registered, or do not have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Representatives of our firm do not recommend outside investment advisers for its clients. There are no conflicts of interest as we do not participate nor receive, directly or indirectly, any compensation from other advisers for client recommendations.

## ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

### Code of Ethics

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Our firm as an investment adviser has a fiduciary duty to all clients. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics.

Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. We recognize that the personal investment transactions of members and employees of our firm demands the highest level of ethical standards and we require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided upon request.

### Personal Securities Transactions

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Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. Related persons of our firm may also buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize these conflicts of interest, we seek to ensure that our related persons do not stand to personally benefit from their recommendations to clients by regularly monitoring their personal securities transactions. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons' accounts will be traded in the same manner every time.

Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics.

## ITEM 12: BROKERAGE PRACTICES

### Selection of Brokerage Firms

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

Our firm does not maintain custody of client assets (although our firm may be deemed to have custody of client assets if give the authority to withdraw assets from client accounts (see *Item 15 Custody*, below). Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. Our firm recommends that clients use Charles Schwab & Co., Inc. (“Schwab”), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. Our firm is independently owned and operated, and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use Schwab as custodian/broker, clients will decide whether to do so and open an account with Schwab by entering into an account agreement directly with them. Our firm does not open the account. Even though the account is maintained at Schwab, our firm can still use other brokers to execute trades, as described in the next paragraph.

### **How Brokers/Custodians Are Selected**

Our firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. A wide range of factors are considered, including, but not limited to:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- prior service to our firm and our other clients
- availability of other products and services that benefit our firm, as discussed below (see *“Products & Services Available from Schwab”*).

### **Custody and Brokerage Costs**

Schwab generally does not charge a separate fee for custody services, but is compensated by charging commissions or other fees to clients on trades that are executed or that settle into the Schwab account. Strategic Income Group absorbs the costs of these trade-based commissions as outlined in our Form ADV Part 2A Appendix 1 (wrap brochure). For some accounts, Schwab may charge your account a percentage of the dollar amount of assets in the account in lieu of commissions. Schwab’s commission rates and/or asset-based fees applicable to client accounts were negotiated based on our firm’s commitment to maintain a minimum threshold of assets statement equity in accounts at Schwab. This arrangement benefits clients because our firm pays the costs of these trade-related fees and the overall commission rates and/or asset-based fees paid are lower than they would be if our firm had not made the commitment, which further reduces overall costs. In addition to commissions or asset-based fees Schwab charges a flat dollar amount as a “prime broker” or “trade away” fee for each trade that our firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of

this, in order to minimize client trading costs, our firm has Schwab execute most trades for the accounts. For more information about brokerage costs, please contact our firm.

### **Products & Services Available from Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like our firm. They provide our firm and clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab's support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge as long as our firm keeps a total of at least \$10 million of client assets in accounts at Schwab. If our firm has less than \$10 million in client assets at Schwab, our firm may be charged quarterly service fees. Here is a more detailed description of Schwab's support services:

#### **Services that Benefit Clients**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, discounts on margin rates, and custody of client assets. The investment products available through Schwab include some to which our firm might not otherwise have access or that would require a significantly higher minimum initial investment by firm clients. Schwab's services described in this paragraph generally benefit clients and their accounts.

#### **Services that May Not Directly Benefit Clients**

Schwab also makes available other products and services that benefit our firm but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include investment research, both Schwab's and that of third parties. This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

#### **Services that Generally Benefit Only Our Firm**

Schwab also offers other services intended to help manage and further develop our business enterprise. These services include:

- educational conferences and events
- reimbursement for technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to our firm. Schwab may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide our firm with other benefits, such as occasional business entertainment for our personnel. Irrespective of direct or indirect benefits to our client through Schwab, our firm strives to enhance the client experience, help clients reach their goals and put client interests before that of our firm or associated persons.

### **Our Interest in Schwab's Services.**

The availability of these services from Schwab benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for Schwab's services so long as a total of at least \$10 million of client assets in accounts are kept at Schwab. Beyond that, these services are not contingent upon our firm committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may serve as an incentive to recommend that clients maintain their account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. Our firm believes, however, that the selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above – see *"How Brokers/Custodians Are Selected"*) and not Schwab's services that benefit only our firm.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, our firm will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

### **Trade Aggregation and Allocation**

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We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

## **ITEM 13: REVIEW OF ACCOUNTS OR FINANCIAL PLANS**

We review accounts on at least a quarterly basis for our clients subscribing to our Comprehensive Portfolio Management service. The nature of these reviews is to learn whether clients' accounts are

in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. We accomplish this by conducting *Quarterly Investment Manager Meetings*. Every quarter we meet with approximately 10 Investment Management Companies to review our Strategic Portfolios. We provide these managers an agenda to review holdings, ask questions that pertain to clients, changes they would recommend, what we might be overweight/underweight in and what they would recommend going forward. This allows our firm to obtain the most well-rounded analysis of our strategic approach and recommendations to better serve our clients. We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients. Only Michael Gauthier, Chief Compliance Officer, will conduct reviews.

SIG Financial Planning Program clients receive reviews at least annually to discuss changes and updates to their Plan. Modular Planning clients do not receive reviews of their written plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

## ITEM 14: CLIENT REFERRALS & OTHER COMPENSATION

### **Charles Schwab & Co.**

Our firm receives economic benefit from Schwab in the form of the support products and services made available to our firm and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability of Schwab's products and services is not based on our firm giving particular investment advice, such as buying particular securities for our clients.

### **Client Referrals**

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with relevant state statutes and rules.

## ITEM 15: CUSTODY

All of our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. If our firm decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm. Our firm may be deemed to have custody of client funds or securities as stated below.

SIG acts as the general partner and manager of Strategic Income Fund, LP and SIG Opportunities Fund, LP (the "Funds"). As such our firm is deemed to have custody of the cash and securities held by the Fund(s). In compliance with SEC Rule 206(4)-2(b)(4)(i), the Fund(s) or Trust Company sends an audited financial statement, audited by a registered Public Company Accounting Oversight Board

("PCAOB") accountant, to each Fund(s) investor or common clients with CFS within 120 days of the Fund's fiscal year end. By ensuring that these steps are followed, our firm's annual surprise examination requirement is satisfied.

Michael Gauthier owns Certified Fiduciary Services, Inc. ("CFS"), an Arizona Supreme Court licensed private fiduciary. As such, our firm is deemed to have custody over client assets who utilize the services of our firm as well as those of CFS. Clients are under no obligation to engage CFS for any services and can select a trust company of their choice. We have arrangements for an annual surprise examination as required by SEC Rule 206(4)-2(b)(4).

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

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

We use a third party platform to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, Adviser will review the current account allocations. When deemed necessary, Adviser will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly and allocation changes will be made as deemed necessary.

Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

## **ITEM 16: INVESTMENT DISCRETION**

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting our firm investment discretion, we are authorized to execute securities transactions, which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

## **ITEM 17: VOTING CLIENT SECURITIES**

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

## **ITEM 18: FINANCIAL INFORMATION**

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- We have never been the subject of a bankruptcy proceeding.