

**DISCLOSURE BROCHURE**  
PREPARED IN COMPLIANCE WITH  
THE INVESTMENT ADVISORS ACT OF 1940 RULE 204(A)

Sound **Income** Strategies, LLC

**Office Address:**

500 West Cypress Creek Rd Suite 290  
Fort Lauderdale, FL 33309

Tel: 888-492-0505  
Direct: 954-487-1860  
Fax: 954-337-0621

Email: [cradlauer@soundincomestrategies.com](mailto:cradlauer@soundincomestrategies.com)

Website: [www.soundincomestrategies.com](http://www.soundincomestrategies.com)

This brochure provides information about the qualifications and business practices of Sound Income Strategies, LLC ("SIS"). Being registered as a registered investment advisor does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 1-888-492-0505. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), or by any state securities authority.

Additional information about Sound Income Strategies, LLC (CRD #173272) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**February 2 2023**

---

## Item 2: Material Changes

---

### Annual Update

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

### Material Changes since the Last Update

This update is in accordance with the required annual update for Registered Investment Advisors.

Sound Income Strategies, LLC has the following material changes to report. This list summarizes changes to policies, practices, or conflicts of interests only.

**There are no material changes to report since the last ADV filing on 1/19/2023**

---

## Item 3 Table of Contents

---

|   |           |
|---|-----------|
| <b>Item 2: Material Changes</b> .....                                   | <b>ii</b> |
| Annual Update .....   | ii        |
| Material Changes since the Last Update.....                             | ii        |
| <b>Item 3 Table of Contents</b> .....                                   | <b>ii</b> |
| <b>Item 4: Advisory Business</b> .....                                  | <b>1</b>  |
| Firm Description .....  | 1         |
| Types of Advisory Services.....   | 1         |
| Asset Management .....  | 1         |
| ERISA Plan Services .....   | 1         |
| Financial Planning and Consulting .....                                 | 1         |
| Educational Workshops .....   | 2         |
| Sub-Advisor Services.....   | 2         |
| CO-Advisor Services.....  | 2         |
| Sub-Advisor to ETF .....  | 3         |
| Client Tailored Services and Client Imposed Restrictions.....           | 3         |
| Recommendations or Selections of Other Investment Advisors .....        | 3         |
| Client Assets under Management.....                                     | 4         |
| <b>Item 5: Fees and Compensation</b> .....                              | <b>4</b>  |
| Method of Compensation and Fee Schedule.....                            | 4         |
| Asset Management .....  | 4         |
| SIS - ERISA Plan Services .....   | 4         |
| Financial Planning and Consulting Fees .....                            | 5         |
| Third Party Manager Fees .....  | 5         |
| Fees for Providing Sub-Advisory Services to Exchange-Traded Funds ..... | 5         |

|  |           |
|--|-----------|
| COMMISSIONABLE SECURITIES SALES.....   | 5         |
| Educational Workshop Fees.....   | 5         |
| Additional Client Fees Charged.....  | 5         |
| <b>Item 6: Performance-Based Fees and Side-by-Side Management.....</b>   | <b>6</b>  |
| Sharing of Capital Gains .....   | 6         |
| <b>Item 7: Types of Clients .....</b>  | <b>6</b>  |
| Description .....  | 6         |
| Account Minimums .....   | 6         |
| <b>Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....</b>   | <b>6</b>  |
| Methods of Analysis.....   | 6         |
| Investment Strategy.....   | 7         |
| Security Specific Material Risks .....   | 7         |
| <b>Item 9: Disciplinary Information .....</b>  | <b>8</b>  |
| Criminal or Civil Actions .....  | 8         |
| Administrative Enforcement Proceedings .....   | 8         |
| Self-Regulatory Organization Enforcement Proceedings .....   | 8         |
| <b>Item 10: Other Financial Industry Activities and Affiliations.....</b>  | <b>8</b>  |
| Broker-Dealer or Representative Registration .....   | 8         |
| Futures or Commodity Registration .....  | 8         |
| Material Relationships and Conflicts of Interest .....   | 8         |
| <i>Insurance Business</i> .....  | 8         |
| Commissionable Securities Sales .....  | 8         |
| <i>Advisors to Exchange – Traded Funds</i> .....   | 9         |
| Rollovers.....   | 9         |
| <b>Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</b>                         | <b>10</b> |
| Code of Ethics Description .....   | 10        |
| Investment Recommendations Involving a Material Financial Interest and Conflict of Interest.....                                   | 11        |
| Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest .....                                   | 11        |
| Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities<br>Transactions and Conflicts of Interest..... | 11        |
| <b>Item 12: Brokerage Practices.....</b>   | <b>11</b> |
| Factors Used to Select Broker-Dealers for Client Transactions .....  | 11        |
| • <i>Principal Transactions</i> .....  | 12        |
| • <i>Cross Trades</i> .....  | 12        |
| Participation in the Institutional Advisor Program providing Soft Dollar Benefits.....   | 13        |
| <b>Item 13: Review of Accounts.....</b>  | <b>13</b> |
| Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons<br>Involved .....                          | 13        |
| Review of Client Accounts on Non-Periodic Basis .....  | 13        |
| Content of Client Provided Reports and Frequency.....  | 13        |

|   |           |
|---|-----------|
| <b>Item 14: Client Referrals and Other Compensation .....</b>   | <b>13</b> |
| Economic benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest.....            | 13        |
| Advisory Firm Payments for Client Referrals .....   | 14        |
| <b>Item 15: Custody .....</b>   | <b>15</b> |
| Account Statements .....  | 15        |
| <b>Item 16: Investment Discretion.....</b>  | <b>15</b> |
| Discretionary Authority for Trading.....  | 15        |
| <b>Item 17: Voting Client Securities.....</b>   | <b>15</b> |
| Proxy Votes.....  | 15        |
| <b>Item 18: Financial Information.....</b>  | <b>15</b> |
| Balance Sheet.....  | 15        |
| Financial Conditions Reasonably Likely to Impair Advisory Firm’s Ability to Meet Commitments<br>to Clients..... | 16        |
| Bankruptcy Petitions during the Past Ten Years.....   | 16        |

---

## Item 4: Advisory Business

---

### Firm Description

Sound Income Strategies, LLC ("SIS") was founded in 2014 and is wholly owned by Sound Income Group LLC. David Scranton owns this holding company.

SIS is a fee based financial planning and investment management firm. The firm's managing member also sells insurance commissioned products.

SIS does not act as a custodian of client assets.

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

### Types of Advisory Services

#### ASSET MANAGEMENT

SIS offers discretionary and non-discretionary direct asset management services to advisory clients. SIS will offer clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The client will authorize SIS discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

SIS is constantly searching for securities that have an improving credit story and as we find these opportunities, we will "swap" out of some current holdings into newer securities. We look for at least one of the following conditions before making a swap: lowering duration, lowering interest rate risk, increasing yield or lowering credit risk.

#### ERISA PLAN SERVICES

SIS provides service to qualified and non-qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit-sharing plans, cash balance plans, and deferred compensation plans. SIS may act as either:

- *Limited Scope 3(21) Fiduciary.* SIS typically acts as a limited scope 3(21) fiduciary that can advise, help, and assist plan sponsors with their investment decisions. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using SIS can help mitigate that plan sponsor's liability by following a diligent process.
- *3(38) Investment Manager.* SIS can also act as an ERISA 3(38) Investment Manager in which it has discretionary management and control of a given retirement plan's assets. SIS would then become solely responsible and liable for the selection, monitoring and replacement of the plan's investment options.

#### FINANCIAL PLANNING AND CONSULTING

If financial planning services are applicable, the client will compensate SIS on a per plan fee basis described in detail under "Fees and Compensation" section of this brochure. In a financial plan, the advisor may recommend specific stocks to increase sector weighting and/or dividend potential. The advisor may employ several different strategies, including long-term purchases, short-term purchases and short-term trading. All of these strategies may be used at various times as a possible hedge against market movement, which may adversely affect the client's portfolio.

The advisor may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in risk tolerance of the client or any risk deemed unacceptable for the client's risk tolerance.

Representatives of SIS may also provide general non-securities advice on topics including estate planning, retirement planning, and mortgage consulting. Fees are billed at a fixed or an hourly rate, negotiated in advance and paid as services are rendered. The non- securities financial planning will not exceed 50% of the firm's billings.

#### EDUCATIONAL WORKSHOPS

SIS provides educational workshops to all clients. These workshops will cover topics such as social security, RMD's or the Financial Markets where they cover benefits and any regulatory changes. SIS will also discuss estate planning and explain the different options. If needed, SIS will also refer clients to an attorney.

#### SUB-ADVISOR SERVICES

SIS offers sub-advisory services to other registered investment advisors whereby it provides such advisors with access to customized managed investment portfolio options that they can make available to their clients. Clients of advisory firms who engage SIS to provide sub-advisory services work directly with their advisory firm to gather information about their financial situations, goals, and objectives, including information on their investment time horizon, risk tolerance, and other relevant information and factors.

Based on this information, the client's advisory firm proposes an overall strategy that includes investment portfolio recommendations in the form of one or more customized investment portfolios managed by SIS. Representatives from the client's advisory firm will periodically meet with their clients to discuss any changes to their financial situations, goals, and objectives to help ensure that the factors upon which recommendations are based continue to remain appropriate and in their best interests.

SIS personnel do not possess knowledge of third-party advisory firm's clients' individual information or investment goals or objectives to allow it to provide personalized investment advice to such clients. The Client's advisory firm is responsible for determining suitable portfolio strategies and, to the extent required, delivering this brochure to clients with assets under management by SIS. Any modifications to the portfolios managed by SIS are affected through the sale of securities in client accounts, which may have tax ramifications to clients.

This Brochure provides clients with a general overview of SIS' services and responsibilities. Clients can obtain more specific information about the process by which portfolios are constructed, how investment strategies are carried out, options to customize investments, investment returns, and other information by discussing with their representatives. SIS encourages all clients to review the material provided in this Brochure and other disclosures provided and discuss any questions related to services offered with their representative to make certain they fully understand SIS' investment process.

#### CO-ADVISOR SERVICES

SIS offers co-advisory services to other registered investment advisors whereby it provides such advisors with access to customized managed investment portfolio options that they can make available to their clients. Clients of advisory firms who engage SIS to provide co-advisory services work directly with their advisory firm to gather information about their financial situations, goals, and objectives, including information on their investment time horizon, risk tolerance, and other relevant information and factors.

Based on this information, the client's advisory firm proposes an overall strategy that includes investment portfolio recommendations in the form of one or more customized investment portfolios managed by SIS. Representatives from the client's advisory firm will periodically meet with their clients to discuss any changes to their financial situations, goals and objectives to help ensure that the factors upon which recommendations are based continue to remain appropriate and in their best interests.

SIS will assign a representative to help assist in this process and that representative will possess knowledge of third-party advisory firm's clients' individual information, investment goals, and objectives to allow them to assist in providing personalized investment advice to such clients. The Client's advisory firm is responsible for determining suitable portfolio strategies. Both representatives are responsible for delivering the required brochures to clients. Any modifications to the portfolios managed by SIS are affected through the sale of securities in client accounts, which may have tax ramifications to clients.

This Brochure provides clients with a general overview of SIS' services and responsibilities. Clients can obtain more specific information about the process by which portfolios are constructed, how investment strategies are carried out, options to customize investments, investment returns, and other information by discussing with their representatives. SIS encourages all clients to review the material provided in this Brochure and other disclosures provided and discuss any questions related to services offered with their representative to make certain they fully understand SIS' investment process.

#### SUB-ADVISOR TO ETF

SIS provides investment management services to a series of exchange-traded funds (ETFs), each of which is managed in accordance with its respective investment guidelines and restrictions. The ETFs are not tailored to the individualized needs of any fund shareholder or investor and an investment in such a vehicle does not, in and of itself, create an advisory relationship between the shareholder or investor and SIS. These ETFs are available to the public and are traded on the NYSE. Investment Advisory clients of SIS are given the option to purchase these ETFs in their accounts by signing a specific section of their Investment Advisory Agreement which outlines the funds and conflicts of interest.

#### **Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without a client's consent.

#### **Recommendations or Selections of Other Investment Advisors**

SIS may enter into agreements with third party investment advisers specializing in mutual fund or Exchange Traded Fund (ETF) management. SIS refers clients to such third-party advisers who charges the fee, and in return SIS receives a portion of the advisory fee paid by the client. The programs may not be available to all clients because of account minimums, client objectives and manager restrictions. SIS's services include assisting a client in selecting a third-party investment adviser whose investment styles and strategies suit the client's individual needs and financial objectives. The investments managed in these accounts are usually limited to mutual funds and exchange-traded funds. With most programs, SIS's role is usually limited to making the referral. In others, SIS assists the client in completing an investment planning questionnaire to help guide the

third-party adviser's investment decisions for the client. SIS may also assist clients in making investment and portfolio allocation decisions for these accounts. Depending on the program selected by the client, the third-party adviser may or may not have discretionary power to purchase or sell investments in the client's account. SIS Advisors are available to their clients to discuss the selected manager's performance. Also, clients may or may not pay a sales load for mutual funds or annuities, or commissions on other investments placed within the client's account.

### **Client Assets under Management**

As of February 1, 2023, SIS had \$1,910,603,838 on a discretionary basis and \$128,647,049 on a non-discretionary basis.

---

## **Item 5: Fees and Compensation**

---

### **Method of Compensation and Fee Schedule**

#### ASSET MANAGEMENT

SIS offers discretionary asset management services to advisory clients. The fees for these services will be based on an annual fee of up to 1.75% of Assets Under Management.

The annual fee and payment frequency may be negotiable and Accounts within the same household may be combined for a reduced fee. The majority of fees are billed monthly in arrears based on the value of the assets under management at the end of each month unless negotiated to be billed quarterly. Clients may terminate their account within five business days of signing the Investment Advisory Agreement with no obligation. SIS will be entitled to a pro rata fee for the days that service was provided in the final month. Client shall be given thirty (30) days prior written notice of any increase in fees, and client will acknowledge, in writing, any agreement of increase in said fees.

SUB ADVISOR SIS offers discretionary asset management services to other investment advisors by making certain managed portfolios available for such other advisers to offer to their clients. The fee and billing frequency for such services is negotiated directly between SIS and the investment advisor. SIS's fees may be in addition to fees charged by their advisors or incorporated in the fees they charge clients; clients are encouraged to discuss how fees are determined with their representative and who charges them. If the client's agreement with their advisory firm permits, SIS' fees may be directly debited from the client's account.

#### SIS - ERISA PLAN SERVICES

The annual fees are based on the market value of the Included Assets and will not exceed 1% of the value. The fee is charged in arrears and the initial fee will be based on the market value of the Plan assets as calculated by the custodian or record keeper of the Included Assets on the first business day of the initial fee period and will be due on the first business day of the fee period. For services started any time other than the first day of a billing cycle, the fee will be prorated based on the number of days remaining in the initial fee period. Thereafter, the fee will be based on the market value of the Plan assets on the last business day of the previous fee period (without adjustments for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distribution of assets) and will be due within ten (10) business days. If this Agreement is terminated prior to the end of the fee period, SIS shall be entitled to a prorated fee based on the number of days during the fee period services were provided. Any unearned fees shall be refunded to the Plan or Plan Sponsor.

The compensation of SIS for the services is described in detail in Schedule A of the ERISA Plan Agreement. The Plan is obligated to pay the fees; however, the Plan Sponsor may elect to pay the fees. SIS does not reasonably expect to receive any additional compensation, directly or indirectly, for its



services under this Agreement. If additional compensation is received, SIS will disclose this compensation, the services rendered, and the payer of compensation. Advisor will offset the compensation against the fees agreed upon under this Agreement.

#### FINANCIAL PLANNING AND CONSULTING FEES

SIS intends to be compensated for its financial planning services by charging hourly fees with a minimum of \$300 per plan, or a fixed fee. A Financial Planning/Consulting agreement must be approved by the Chief Compliance Officer or Operating Manager. The fee will be negotiated in advance and will be set out in each client's Financial Planning/Consulting agreement. Clients may terminate their agreement with SIS within five (5) business days with no obligation. After the initial five (5) business days, any fees paid in advance will be prorated to the date of termination and any excess will be refunded to client. Plans will be completed within ninety (90) days.

#### THIRD PARTY MANAGER FEES

Fees for third party money managers will be charged to the client by the third-party manager according to their agreement with the client. The client should review the third party ADV Brochure for further information.

#### FEES FOR PROVIDING SUB-ADVISORY SERVICES TO EXCHANGE-TRADED FUNDS

All SIS clients who invest in exchange-traded funds managed by SIS acknowledge that the fee they pay to SIS based on their assets under management is in addition to the fees charged by the exchange-traded funds to which it serves as sub-advisor (and which are incorporated into the price of the security). Please refer to the funds' prospectus, available for free through the SEC's EDGAR online database, for additional information on the applicable expenses of each fund. See Item 10 (Other Financial Industry Activities and Affiliations) and Item 11 (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading) below for additional information about SIS' service as a sub-advisor to exchange-traded funds. Furthermore, we have lowered our standard annual management fee for the portion in one of the ETF's (SDEF) by 10 basis points so that the total fee for SDEF more closely resembles the average of other non-proprietary ETFs that we use.

#### COMMISSIONABLE SECURITIES SALES

Representatives of our firm are registered representatives of Purshe Kaplan Sterling Investments, Inc ("PKS"), member FINRA/SIPC an unaffiliated broker dealer. As such they are able to accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds. Clients should be aware that the practice of accepting commissions for the sale of securities presents a conflict of interest and gives our firm and/or our representatives an incentive to recommend investment products based on the compensation received. Our firm generally addresses commissionable sales conflicts that arise when explaining to clients these sales create an incentive to recommend based on the compensation to be earned and/or when recommending commissionable mutual funds, explaining that "no-load" funds are also available.

#### EDUCATIONAL WORKSHOP FEES

SIS does not charge for the educational workshops they offer. Some workshops may incur a fee imposed by the venue, although the vast majority do not.

#### ADDITIONAL CLIENT FEES CHARGED

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, exchange-traded funds and any fees for individual fixed income securities. These charges may include Mutual Fund transactions fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self-regulatory organizations). These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

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

For more details on the brokerage practices, see Item 12 of this brochure.

---

## **Item 6: Performance-Based Fees and Side-by-Side Management**

---

### **Sharing of Capital Gains**

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

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

---

## **Item 7: Types of Clients**

---

### **Description**

SIS generally provides investment advice to individuals, other investment advisors, pension and profit-sharing plans, trusts, estates, or charitable organizations, corporations or business entities. SIS also sub-advises a series of exchange-traded funds.

Client relationships vary in scope and length of service.

### **Account Minimums**

SIS requires a minimum \$25,000 to open an account, which may be waived, based on the needs of the client and the complexity of the situation.

---

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

---

### **Methods of Analysis**

Security analysis methods typically will involve fixed income analysis. Fixed income analysis is the valuation of fixed income or debt securities, and the analysis of their interest rate risk, credit risk, and likely price behavior in hedging portfolios. This includes analyzing bonds issued by the same entity for different maturities.

Regarding equity securities, these methods may also include fundamental analysis and technical analysis. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis involves evaluating a security using real data such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth. Technical analysis involves evaluating securities based on past prices and volume.

The main sources of information include financial newspapers and magazines, research material prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission and company press releases.

## INVESTMENT STRATEGY

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes a document stating their objectives and their desired investment strategy.

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

## SECURITY SPECIFIC MATERIAL RISKS

All investment programs have certain risks that are borne by the investor. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk.

Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with SIS:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

---

## Item 9: Disciplinary Information

---

### **Criminal or Civil Actions**

The firm and its management are not currently involved in any civil or regulatory action.

### **Administrative Enforcement Proceedings**

The firm and its management have not been involved in administrative enforcement proceedings.

### **Self-Regulatory Organization Enforcement Proceedings**

The firm and its management have not been involved in legal or disciplinary events related to investment clients within the past ten years.

---

## Item 10: Other Financial Industry Activities and Affiliations

---

### **Broker-Dealer or Representative Registration**

Currently, SIS does not have any representatives registered with a Broker/Dealer.

### **Futures or Commodity Registration**

Neither SIS nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

### **Material Relationships and Conflicts of Interest**

#### *Insurance Business*

Approximately 50% of SIS Advisors time is spent on advisory services if the Advisor is registered as an investment advisor representative for SIS. SIS will also provide account management services for other Registered Investment Advisors. The advisors registered with SIS and the advisors for the other independent Registered Investment Advisors are generally insurance licensed and will provide recommendations to clients for insurance products. When SIS advisors make recommendations for the purchase of insurance, they also receive customary commissions as insurance salespersons. The receipt of commissions in return for insurance product purchases creates a conflict of interest for advisors when they recommend the purchase of such products to clients. David Scranton, owner of SIS consults with advisors on insurance products and advisors may place the insurance product transaction through Advisors' Academy along with other various entities. Mr. Scranton is also an owner of Advisors' Academy. Thus, when offering insurance products, both compensation and related-issuer conflicts exist. There is an incentive to offer the insurance products of these companies. SIS offers internal managed programs. These internal programs result in SIS receiving more compensation as there are no fees going to an outside manager. This revenue incentive causes a conflict of interest for SIS. At all times, SIS and its advisors strive to make recommendations that are in the best interest of their clients.

#### COMMISSIONABLE SECURITIES SALES

Representatives of our firm are registered representatives of PKS, member FINRA/SIPC, a non-affiliated broker dealer. As a result of these transactions, they receive commissions. A conflict of interest exists as these commissionable sales create an incentive to recommend

products based on the compensation earned. To mitigate this potential conflict, our firm will act in the client's best interest.

Our firm is not registered, nor does it have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

#### Advisors to Exchange – Traded Funds

From time to time, as authorized by clients in their investment advisory agreement with SIS, SIS' investment advisor representatives will invest their clients' assets in exchange-traded funds managed by SIS. SIS' investment advisor representatives face potential conflicts when recommending the purchase of, or allocating the assets of, a SIS client to one or more exchange-traded funds managed by SIS with respect to which SIS receives ongoing management fees.

Like other pooled investment vehicles, shareholders of exchange-traded funds pay a proportionate share of the fund's fees and expenses. Investment by a SIS client in an exchange-traded fund managed by SIS means that, subject to any applicable restrictions, SIS will receive an advisory fee from the fund it manages that is in addition to the fees it receives from clients serviced by its investment advisor representatives. While SIS' investment adviser representatives do receive a percentage of the fees paid by their clients for investment advisory services, they do not receive any portion of the fees SIS receives in connection with advising exchange-traded funds and no portion of their compensation is directly affected by recommendations made or allocating client assets to the funds managed by SIS.

Clients should notify SIS if they do not want their account assets to be invested in exchange-traded funds managed by SIS. Clients can invest directly in exchange-traded funds managed by SIS without paying additional separate account management fees to SIS.

#### ROLLOVERS

If a customer decides to roll assets out of a retirement plan, such as a 401 (k) plan, and into an Individual retirement account (IRA), we have a financial incentive to recommend that a customer invests those assets with Sound Income Strategies, because we will be paid on those assets. For example, through a management fee. A customer should be aware that such fees will likely be higher than those the customer pays through the plan, and there can be custodial and other maintenance fees. As securities held in a retirement plan are generally not transferred to an IRA, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan.

If your financial professional makes a recommendation that you move assets from an IRA at another financial institution to Sound Income Strategies, he or she is required to consider, based on the information you provide, whether you will be giving up certain investment-related benefits at the other financial institution, such as the effects of breakpoints, rights of accumulation, and index annuity caps, and has determined that the recommendation is in your best interest for these reasons:

- Greater services and/or other benefits (including asset consolidation and holistic advice and planning) can be achieved with an IRA from Sound Income Strategies; and
- The costs associated with an IRA from Sound Income Strategies are justified by these services and benefits.

Notwithstanding whether a recommendation has been made, you understand and agree that with respect to any assets you decide to 'transfer/roll over from a qualified plan or move from an IRA at another financial institution now or in the future, you must:

- (1) evaluate the investment and non-investment considerations important to you in making the decision.
- (2) review and understand the fees and costs associated with an IRA from Sound Income Strategies.
- (3) recognize that higher net fees (if applicable) will substantially reduce your investment returns and ultimate retirement assets; and
- (4) understand the conflicts of interest raised by the financial benefits to Sound Income Strategies and its employees resulting from your decision to roll or transfer assets to an IRA at Sound income Strategies.

To assist the client in understanding all of these considerations, an IRA Rollover Suitability Form is required to be completed and executed by the client prior to any Rollover being completed.

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

---

### **Code of Ethics Description**

The employees of SIS have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of SIS employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of SIS. The Code reflects SIS and its supervised persons' responsibility to act in the best interest of their client.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

In addition, SIS does require pre-clearance of any transactions by covered persons for Funds sub advised by the firm. This will be supervised by the Chief Compliance Officer.

SIS policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of SIS may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

SIS' Code is based on the guiding principle that the interests of the client are our top priority. SIS' officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

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

### **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

As mentioned above, SIS receives an advisory fee from the exchange-traded funds it manages that is separate from and in addition to the fees it receives from clients serviced by its investment advisor representatives. While SIS' investment adviser representatives do receive a percentage of the fees paid by their clients for investment advisory services, they do not receive any portion of the fees SIS receives in connection with advising exchange-traded funds. No portion of their compensation is increased based on recommendations to invest in or allocating client assets to the funds managed by SIS.

### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

SIS and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide SIS with copies of their brokerage statements.

The Chief Compliance Officer of SIS is Charles Radlauer. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

Pre-clearance of any transactions by covered persons for Funds sub advised by the firm are required and supervised by the Chief Compliance Officer.

### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

SIS does not maintain a firm proprietary trading account and other than the proprietary ETF's disclosed above, does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide SIS with copies of their brokerage statements.

---

## **Item 12: Brokerage Practices**

---

### **Factors Used to Select Broker-Dealers for Client Transactions**

SIS may recommend the use of a particular broker-dealer or may utilize a broker-dealer of the client's choosing. SIS will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. SIS relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by SIS.

- *Directed Brokerage*

In circumstances where a client directs SIS to use a certain broker-dealer, SIS still has a fiduciary duty to its clients. The following may apply with Directed Brokerage: SIS' inability to negotiate commissions, to obtain volume discounts, there may be a disparity in commission charges among clients and conflicts of interest arising from brokerage firm referrals.

- *Best Execution*

Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is affected, the ability to affect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. SIS does not receive any portion of the trading fees.

- *Trade Errors*

Trade errors occasionally happen in client accounts. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of our clients. In cases where the error was caused by the client, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole, and the firm will absorb any loss. If the trade error is caused by the broker-dealer, the broker-dealer will cover all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

- *Soft Dollar Arrangements*

The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services can be obtained by SIS from or through a broker-dealer in exchange for directing client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, SIS may receive economic benefit as a result of commissions generated from securities transactions by the broker-dealer from the accounts of SIS. These benefits can include both proprietary research from the broker and other research written by third parties. A conflict of interest exists when SIS receives soft dollars. This conflict is mitigated by the fact that SIS has a fiduciary responsibility to act in the best interest of its clients and the services received are beneficial to all clients. SIS does not currently participate in any soft dollar arrangements.

- *Principal Transactions*

Section 206(3)-1 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a “**principal transaction**”). To comply with this Rule, the Firm must make certain disclosures to its client(s) of the terms of the proposed transaction and obtain the client’s consent to the transaction. In connection with the Firm’s management of its clients account(s) that received Portfolio Management Services, the Firm and its affiliates do not engage in principal transactions.

- *Cross Trades*

Section 206(3)-2 under the Advisers Act regulates agency cross transaction among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, an Agency cross transaction occurs when an Adviser, or any person controlling, controlled by, or under common control with such Adviser, acts as broker for a person who is not the Adviser’s client and effects a sale or purchase of a security for the account of a client, (what is commonly referred to as a “**cross transaction**”). To comply with this Rule, the Firm



must make certain disclosures to its client(s) of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with the Firm's management of its clients account(s) that received Portfolio Management Services, the Firm and its affiliates do not engage in cross transactions.

- *Valuation*

The Firm will rely on the custodians and/or independent 3<sup>rd</sup> Party pricing services to value securities in each client's accounts that are listed on a national securities exchange or on NASDAQ at the last quoted sales price on the principal market where the securities are traded.

### **Participation in the Institutional Advisor Program providing Soft Dollar Benefits**

SIS no longer participates in the institutional advisor program (the "Program") providing Soft Dollar Benefits, offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC- registered broker-dealer and FINRA member.

---

## **Item 13: Review of Accounts**

---

### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed at least annually by Investment Advisor Representatives of SIS. Account reviews are performed more frequently when market conditions dictate or when the client or advisor deems appropriate. Clients should review their account statements provided by the custodians and if they have any questions, please contact Sound Income Strategies. Financial planning relationships with clients are monitored on an ongoing basis to help ensure the recommendations made are within the scope of the plan remain suitable.

### **Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

### **Content of Client Provided Reports and Frequency**

Clients receive account statements no less than quarterly for managed accounts. Account statements are issued by the Advisor's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.

---

## **Item 14: Client Referrals and Other Compensation**

---

### **Economic benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

As disclosed under Item 12 above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. This is no direct link between Advisor's participation in the program and the investment advice it

gives to its clients, although Advisor may receive economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts' access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit the Advisor but may not benefit its client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help the Advisor manage and further develop its business enterprise. The benefits received by the Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

Sound Income Strategies may receive referrals from the Retirement Income Store, an affiliation used to prospect for Investment Advisory and Fixed Insurance Services. No compensation is provided for these referrals.

### **Advisory Firm Payments for Client Referrals**

If a client is introduced to SIS by either an affiliated or unaffiliated solicitor, SIS may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. All such agreements will be in writing. While the specific terms of each agreement between SIS and the solicitor may differ, generally, the compensation will be based upon SIS' engagement of new clients and is calculated using a varying percentage of the fees paid to SIS by such client. Any such referral fee to a solicitor shall be paid solely from SIS investment management fee and shall not result in any additional charge to the client.

If the client is introduced to SIS by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of SIS's Form ADV Part 2A (this Brochure), Form ADV 2B for the assigned advisor (Brochure Supplement), Form 3 (Form CRS) ("SIS's Disclosure Documents"), and the firm's Privacy Policy in addition to a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between SIS and the solicitor, including the compensation to be received by the solicitor from the SIS. The solicitor is also required to obtain the client's signature acknowledgement receipt of SIS's Disclosure Documents.

---

## **Item 15: Custody**

---

### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to the performance report statements prepared by SIS.

SIS is deemed to have constructive custody solely because advisory fees are directly deducted from client's account by the custodian on behalf of SIS.

---

## **Item 16: Investment Discretion**

---

### **Discretionary Authority for Trading**

SIS accepts discretionary authority to manage securities accounts on behalf of clients. SIS has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. The client will authorize SIS discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement. If the client does not grant discretionary authority to SIS, SIS will consult with the client prior to each trade to obtain authorization.

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

---

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

---

### **Proxy Votes**

SIS does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

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

---

## **Item 18: Financial Information**

---

### **Balance Sheet**

A balance sheet is not required to be provided because SIS does not serve as a custodian for client funds or securities and SIS does not require prepayment of fees of more than \$1,200 per client and six months or more in advance.

**Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

SIS has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

**Bankruptcy Petitions during the Past Ten Years**

Neither SIS nor its management has had any bankruptcy petitions in the last ten years.