

**Compak Asset Management (Investment Advisor)**  
**Compak Securities, Inc. (Broker-Dealer)**

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**Form CRS - ADV 3: Client Relationship Summary**

Compak Asset Management ("CAM") is an investment advisor ("IA") registered with the Securities and Exchange Commission that provides investment advisory services. Compak Securities, Inc. ("CSI") is an affiliated broker-dealer ("BD") registered with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC) that provides brokerage services. Investment advisory services and fees differ from brokerage services and fees and it is important for you to understand the differences. [Investor.gov/CRS](http://Investor.gov/CRS) is a website providing free and simple tools to research firms and financial professionals, and which provides educational materials about investment advisors, broker-dealers, and investing. We encourage you to ask us questions and have provided suggested conversation starters in call-out boxes throughout this Client Relationship Summary.

**What investment services and advice can you provide me?**

IA Advisory Services: CAM offers investment advisory services to retail investors, primarily portfolio management and financial planning services. We first meet with you to gain an understanding of your current financial situation, your short- and long-term goals, time horizons, investment history and your risk tolerance. We use this information to recommend an investment portfolio specific to your investment objectives and needs. As part of our investment services, we may utilize individual stocks, ETFs, mutual funds, fixed income instruments, structured notes, 3<sup>rd</sup> party separately managed account (SMA) programs, and alternative investments to implement investment portfolios.

Our Investment Committee reviews and sets the firm's overall investment philosophy and underlying mix of asset classes. We monitor client portfolios as part of an ongoing process with regular account reviews on a periodic basis. Reviews are also triggered by material market, economic or political events, or by changes in your financial situation (such as retirement or a change in employment).

We manage portfolios on a **discretionary basis**. When you grant us discretionary authority, this means we don't need to call you before buying or selling securities in your account. We obtain discretionary authorization through our signed investment advisory agreement with you. We offer advice on different types of securities. In some circumstances, CAM client accounts may have non-discretionary securities. Our minimum account size is generally \$150,000.

**For more detailed information about advisory services, please request a copy of CAM's Form ADV Part 2A brochure. CAM's brochure can also be found here: [www.compak.com/formadv2](http://www.compak.com/formadv2)**

BD Brokerage Services: CSI is a limited purpose broker-dealer specializing in variable annuity products through 3<sup>rd</sup> party insurance companies. The purchase and or sale of variable annuities are made on a **non-discretionary basis** by a Registered Representative of CSI. We may recommend a variable annuity but the ultimate investment decision to purchase or sale of the annuity will be yours. We obtain authorization through an application you complete with the issuing insurance company.

We first meet with you to gain an understanding of your current financial situation, your short and long-term goals, time horizons, investment history, and your risk tolerance. Your answers help us evaluate a variable annuity possible holding for you. We also use this information to recommend a variable annuity specific to your investment objectives and needs.

CSI does not provide ongoing monitoring of client annuities, but will help with service issues, including withdrawals, annuitization paperwork, and other matters you may need to work with the insurance company to resolve. If you have an advisory agreement with CAM, that firm will provide ongoing

monitoring of your variable annuity holdings as a service with no additional management fee charge. Minimum investment amounts vary depending on the issuing insurance company and are typically \$5,000 - \$10,000. As a limited purpose broker-dealer, it is important for you to understand that other firms may offer a wider range of investment choices, some of which have lower costs.

**More information about our variable annuity services and conflicts of interest is available by reading CSI's Regulation Best Interest Disclosures found here: [www.compak.com/csiBI](http://www.compak.com/csiBI)**

### Conversation Starter

**Given my financial situation, should I choose investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?**

### **What fees will I pay?**

IA Fees: CAM provides comprehensive portfolio management for a single fee. Our fee is based on your total assets under management with us. The annual fee ranges from .50% to 2.00%. The percentage amount we charge goes down as your assets grow. For all accounts with a value over \$10,000, you will also pay an account maintenance fee of \$45 per quarter (\$180 annually). We bill our fees quarterly in advance, usually deducted automatically from your account. We may perform "stand-alone" services such as financial planning for new clients who have not entered into an Investment Advisory Agreement with Compak, where the price of a standard financial plan may range from \$3,000 to \$7,500 depending on complexity. We also offer financial planning services on an hourly basis. Our hourly rate may range from \$300 to \$500. All our fees are negotiable. When we charge asset-based fees, the more assets we manage, the more you'll pay in management fees. We therefore have financial incentive to encourage you to increase the amount of assets we manage for you.

In addition to our management and maintenance fees, you will pay fees charged by third parties for other services provided to you, including fees charged by your custodian. Examples of costs you might pay include brokerage commissions, transaction fees, custodial fees, wire transfer and electronic fund fees. Mutual funds, exchange traded funds, 3<sup>rd</sup> party SMA management fees, and alternative investments also charge internal management fees, which reduce the return of investments over time. We do share in some of the fees Fidelity, the custodian we recommend, charges on Non-Qualified, Non-Transaction Fee Mutual Funds, and rebate them back to clients on a quarterly basis.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. CAM's Form ADV Part 2A brochure (Item 5 and Item 12) contains more detailed information about fees and costs found here: [www.compak.com/formadv2](http://www.compak.com/formadv2)

BD Fees: CSI receives an initial commission based on the value of the amount you invest, and often receives ongoing annual "trail" commissions as well. Because we earn more in commissions based on the total amount you invest, we may have a financial incentive to encourage you to invest larger dollar amounts. We receive an upfront commission on new contracts which may give us an incentive to recommend exchanging an existing annuity. If you transfer an existing contract to us as "broker of record," we will receive an ongoing trail commission if applicable.

Variable annuities are subject to other ongoing costs, including fees charged by the insurance company for mortality and expense and administration, and fees related to management of the annuity's investment sub-accounts. The commissions we receive are reflected in the variable annuity's cost structure. These fees charged by the issuing insurance company will reduce the value of your investments

over time. Variable Annuities may also have surrender charges and fees. You may have to pay these fees if you sell or transfer an existing variable annuity in the first five to 10 years of the investment.

***You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. See CSI's Regulation Best Interest Disclosures for more detail on variable annuity commissions and costs: [www.compak.com/csiBI](http://www.compak.com/csiBI)***

#### Conversation Starter

**Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?**

**What are your legal obligations to me providing recommendations as my broker-dealer or when acting as my investment advisor? How else does your firm make money and what conflicts of interest do you have?**

*IA Capacity: When we act as your investment advisor*, we are held to a fiduciary standard that covers our entire investment advisory relationship with you. For example, we are required to monitor your portfolio, investment strategy and investments on an ongoing basis. At the same time, the way we make money creates some conflicts with your interests. We must eliminate these conflicts or tell you about them in a way you can understand, so that you can decide whether or not to agree to them. You should understand and ask us about these conflicts because they can affect the investment advice we provide you.

A primary conflict of interest is our receipt of asset-based fees. For example, if you asked us for a recommendation about paying down outstanding debt or making charitable contributions, versus keeping those funds in your accounts with us, we will always make the recommendation that we believe is in your best interest. At the same time, we have a conflict of interest in making the recommendation because we earn more advisory fees when you keep more assets in your account.

Another conflict is our relationship with Fidelity and our recommendation that you use them as your custodian. Most of our revenue is from the advisory and maintenance fees you pay to us. However, we have incentives to recommend our clients use Fidelity Institutional Wealth Services ("Fidelity") as custodian because we receive other benefits, such as access to research, technology services, and seminars. We also participate in the Fidelity Wealth Advisor Solutions Program ("Program"). Under this Program, we receive client referrals from Fidelity. Our participation in this Program creates a conflict in that we have incentive to use certain affiliates of Fidelity in exchange for client referrals under the Program.

***CAM's Form ADV Part 2A brochure contains detailed information about our conflicts of interest found here: [www.compak.com/formadv2](http://www.compak.com/formadv2)***

*BD Capacity: When we provide you with a recommendation*, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations, we provide you. Here are some examples to help you understand what this means.

1. CSI's affiliations with CAM creates a potential conflict of interest in respect to your financial professional recommending an annuity instead of investing those same funds in your advisory account. When an annuity is recommended, we earn an up-front commission from the insurance carrier, which creates more immediate compensation than if we charge you an advisory fee on the same amount of investments. This creates an inherent conflict of interest.

2. Different variable annuities have different commission payouts to both the firm and the representative. We have a financial incentive to sell you a higher paying commission product over another investment products with lower costs.

**Please see CSI's Regulation Best Interest Disclosures for additional detailed information about our fees and costs found here: [www.compak.com/csiBI](http://www.compak.com/csiBI)**

**IA & BD Capacity With Retirement Investors:**

When CAM or CSI recommends that you rollover retirement assets or transfer existing retirement assets (such as a 401(k) or an IRA) to their management, they have a conflict of interest. This is because they will generally earn additional revenue when they manage more assets. In making the recommendation, however, they do so only after determining that the recommendation is in your best interest. Further, in making any recommendation to transfer or rollover retirement assets, they do so as a "fiduciary," as that term is defined in ERISA or the Internal Revenue Code, or both. CAM and CSI also acknowledge they are a fiduciary under ERISA or the Internal Revenue Code with respect to their ongoing advice, recommendations, and services of the rollover/transfer of the retirement assets.

**Conversation Starter**

**How might your conflicts of interest affect me, and how will you address them?**

**How do your financial professionals make money?**

**IA Capacity:** CAM's Investment Advisor Representatives receive variable compensation related to the number of clients served and total advisory fees generated. This creates a financial incentive to solicit and retain clients. They also receive compensation related to the sale of insurance products, and may earn brokerage commissions if recommending a product in their role as a representative of Compak Securities, Inc. (Affiliated Broker-Dealer).

**BD Capacity:** CSI's Registered Representatives receive an upfront commission for the purchase of a variable annuity or receive a "trailing" commission based on the total annuity value every year going forward as long as the contract is active. The client indirectly pays fees and or commissions that are factored into the product's costs and is paid to us by the issuer. This creates a financial incentive to find new clients and recommend additional transactions.

**Do you or your financial professionals have legal or disciplinary history?**

Yes. Visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research our firm and our financial professionals.

**Conversation Starter**

**As a financial professional, do you have any disciplinary history? For what type of conduct?**

**You can find more information about our wealth management firm on our website at:**

**[www.compak.com](http://www.compak.com). For more detailed information about our investment advisory services and brokerage services, or to request an updated copy of this Client Relationship Summary, please contact us at (800) 388-9700 and speak to your financial professional or our compliance support staff. You may also visit the SEC's public disclosure website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).**

**Conversation Starter**

**Who is my primary contact person? Is he or she a representative of an investment adviser or broker-dealer? Who can I talk to if I have concerns about how this person is treating me?**