

# Semmax Financial Advisors, Inc.

IARD #144978

## **Brochure** **Dated 03/29/2018**

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This Brochure provides information about the qualifications and business practices of Semmax Financial Advisors, Inc. If you have any questions about the contents of this Brochure, please contact us at 877-856-0080 or email us at [compliance@semmax.com](mailto:compliance@semmax.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 Semmax Financial Advisors, Inc. is also available on the SEC's website at [www.advisersinfo.sec.gov](http://www.advisersinfo.sec.gov).

References herein to Semmax Financial Advisors, Inc. as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## **Item 2           Material Changes**

This section of the Disclosure Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this Brochure on the SEC’s public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This version of our Brochure, dated March 29, 2018 is an annual updating amendment. The following are the material changes since our last interim update in June 2017:

The following are the material changes since our annual update filing in March 2017:

1. We have revised Item 4 to indicate that we typically no longer recommend Pershing LLC (“Pershing”) for custodial services to our advisory clients. Please see Item 4 for more information.
2. We have updated Item 8 to further describe the risks involved with investing in stock positions, ETFs, and mutual funds. Please see Item 8 for more information.
3. We have revised Item 13 to indicate that all advisory accounts are reviewed annually, at the discretion of clients. We have further revised Item 13 to indicate that we no longer send separate quarterly invoices to our clients; this information is included in your custodial statements. Please see Item 13 for more information.
4. We have revised Item 15 to indicate that we have custody of client funds or securities due to our standing authority to make third-party transfers on behalf of our clients who have granted us this authority. Please see Item 15 for more information.
5. We have revised Item 12 to reflect that we may recommend TD Ameritrade as the broker-dealer/custodian for client investment management services, and to describe certain benefits TD Ameritrade may provide to Semmax. For more information, please see Item 12.
6. We have revised Item 10 to reflect that we have entered into a subadvisory arrangement with GeoWealth Management, LLC whereby we may recommend GeoWealth Management LLC to clients as a third-party manager. We have also revised Item 5 to reflect that GeoWealth Management, LLC may be recommended as a third-party manager and to disclose its fee schedule.
7. Since our firm manages over \$100 Million in assets under management, we are required to withdraw registration from state securities authorities (North Carolina, Virginia and Texas) and apply for registration with the Securities and Exchange Commission (SEC). Registration with the SEC does not imply any particular level of skill or training. We have reviewed and amended our firm’s procedures to ensure they comply with SEC requirements. While this registration subjects the firm to additional regulatory requirements, our commitment to client service remains the same.

8. We have enhanced the description of the conflicts of interest resulting from referral by an affiliate of Semmax to Legacy Estate Services, an unaffiliated estate planning firm which contracts directly with attorneys to provide standard estate planning services at reduced rates. For more information, please see Item 10.

We may, at any time, update this Disclosure Brochure and send a copy to you with a summary of material changes, or send you only a summary of material changes that includes an offer to send you a copy of the full brochure [either by electronic means (email) or in hard copy form].

If you would like another copy of this Disclosure Brochure, please download it from the SEC website as indicated above, download it from the Semmax Financial website at [www.semmax.com](http://www.semmax.com) or contact our Chief Compliance Officer, Eric Mattinson at (336) 856-0080 or via email at [eric@semmax.com](mailto:eric@semmax.com).

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#### **Item 4            Advisory Business**

Semmax Financial Advisors, Inc. (hereafter called Semmax Financial) has been incorporated in North Carolina since 4/26/2007. Semmax Financial became registered as an Investment Adviser Firm in August, 2007. Semmax Financial is owned by John E. Tyner, Jr.

As discussed below, Semmax Financial offers to its clients (individuals, business entities, trusts, estates, and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial review services.

##### **Investment Advisory Services**

The client may engage Semmax Financial to provide discretionary and/or non-discretionary investment advisory services on a non-wrap fee basis. Semmax Financial does not participate in any wrap fee programs. The client engages Semmax Financial and selects individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, trade execution, custody, etc.). Generally, Semmax Financial's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under Semmax Financial's management.

Semmax Financial's annual investment advisory fee shall include investment advisory services, and may also include, to the extent specifically requested by the client, financial review services. In the event that the client requires extraordinary consulting services, Semmax Financial may be contracted to perform the agreed upon consultations for a fee, the dollar amount of which shall be set forth as part of the Financial Review Services Agreement with Semmax Financial.

##### **Financial Review and Consulting Services (Stand Alone)**

To the extent requested by a client, Semmax Financial may provide financial review, or consulting services on a stand-alone basis. Semmax Financial offers services based on a negotiated fixed fee or on an hourly fee of up to \$300, based on the complexity and unique client needs. The fees for financial review services may be waived by Semmax Financial in certain circumstances. As the circumstances are specific to each financial review client relationship, the investment advisory representative will make the determination as to whether or not fees will be charged after initial consultations with the client.

Prior to engaging Semmax Financial to provide review or consulting services, clients are generally required to enter the Financial Review Services Agreement with Semmax Financial.

##### **Investment Services**

Semmax Financial offers advice on the following, but not limited to: Exchange listed Securities, Securities that are traded over the counter, Foreign Issuers, Warrants, Corporate

Debt Securities, Commercial Paper, Certificates of Deposit, Municipal Securities, variable life insurance, variable annuities, Mutual Fund shares, United States government securities, Options on both securities and commodities, as well as real estate. Semmax Financial uses Fundamental, Technical, and Cyclical security analysis methods. The main sources of information include, but are not exclusive to: financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

### **Referral Services**

Semmax Financial does not currently refer clients to other Investment Advisers. In the past, Semmax Financial has referred Clients to Global Financial Private Capital, and received a fee for such referral. See Items 5 and 14 for additional information.

### **Miscellaneous Advisory Services Disclosure**

**Non-Investment Consulting/Implementation Services.** If requested by the client, Semmax Financial may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Semmax Financial, nor any of its representatives, serves as an accountant or attorney, and no portion of Semmax Financial's services should be construed as same. To the extent requested by a client, Semmax Financial may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Semmax Financial.

**Trade Errors:** Semmax Financial has implemented procedures designed to prevent trade errors; however, trade errors in client's investment assets may occur. Consistent with our fiduciary duty, it is the policy of Semmax Financial to correct trade errors in a manner that is fair to the client. In all situations where the client does not cause the trade error, the client will be made whole. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Suitability of a trade error also factors into the resolution of the error.

**Client Obligations:** Each client of Semmax Financial is advised that it remains his/her/its responsibility to promptly notify Semmax Financial if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Semmax Financial's previous recommendations and/or services.

Semmax Financial shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Semmax Financial shall

allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). Our clients grant discretion to Semmax to select third-party managers for client assets, and to terminate such managers or reallocate assets between or among managers. The client may, at any time, impose reasonable restrictions, in writing, on Semmax Financial's services.

As of January 2, 2018, Semmax Financial had \$136,714,676 in assets under management on a discretionary basis and \$426,301 in assets under management on a non-discretionary basis.

**Item 5            Fees and Compensation**

To the extent requested by a client, Semmax Financial may provide financial review or consulting services on a stand-alone basis. Semmax Financial offers services based on a negotiated fixed fee or on an hourly fee of up to \$300, based on the complexity and unique client needs. The fees for financial review services may be waived by the investment advisory representative in certain circumstances. As the circumstances are specific to each financial review client relationship, the investment advisory representative will make the determination as to whether or not fees will be charged after initial consultations with the client.

**Fee Basis**

Semmax Financial's annual investment advisory fee for discretionary and/or non-discretionary investment advisory services is negotiable and may not exceed 1.50% of the total assets placed under Semmax Financial management/advisement. The fees for these services will be based on a percentage of assets under management.

The fee structure for Semmax Financial is as follows:

Assets under Management	Annual Fee	Quarterly Fee
Up to \$2,000,000	1.50%	0.375%
\$2,000,001 - \$4,000,000	1.25%	.3125%
Over \$4,000,000	1.00%	0.250%

Accounts within the same household may be combined for a reduced fee.

As discussed below, Semmax Financial may at times utilize the services of Third-Party Money Managers or Subadvisors ("Third-Party Managers") to manage client accounts. In such circumstances, Semmax will pay the Third-Party Manager's asset management fee. These fees do not include brokerage fees that may be assessed by the custodial broker dealer, which will be paid by the client. Fees for services provided by Third-Party Managers will typically be based on a percentage of assets under management. Semmax Financial does not charge the client additional management fees for Third Party managed account services. Third-Party Managers may include Global Financial Private Capital ("Global Financial") and GeoWealth Management, LLC ("GeoWealth"). The following tables provide the maximum amount that Global Financial and GeoWealth will charge Semmax for managing its client's

assets. The fee that is charged by the Third-Party Manager varies depending on which model portfolio the Semmax client is placed in and will never be more than the amount shown on the tables below.

### **Global Financial Private Capital**

Assets under mgmt.	GFPC Fee
Up to \$1,000,000	.6%
\$1,000,001 - \$2,000,000	.6%
\$2,000,001 - \$4,000,000	.6%
Over \$4,000,000	.6%

### **GeoWealth Management**

GeoWealth UMA Program  
Annual Fee: 0.10%

GeoWealth Model Program  
Annual Fee: 0.25% - 0.75%

Clients may elect to have Semmax Financial’s advisory fee deducted from their custodial account. Both the Semmax Financial Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Semmax Financial investment advisory fee and the third party money managers (if used, and discussed below), and to remit them in compliance with regulatory procedures. In the event that Semmax Financial bills the client directly, billing will occur quarterly, and payment is due upon receipt of Semmax Financial’s invoice. Please note that because Semmax’s total compensation may be higher in accounts for which no subadvisor is hired, Semmax has a conflict of interest. Similarly, Semmax has an incentive to retain subadvisors, or to place clients’ accounts in subadvisors’ programs, that charge lower sub-advisory fees than other subadvisors or programs may charge. This incentive exists because Semmax’s total compensation increases as sub-advisory or co-advisory fees decrease. This also creates a conflict of interest. Semmax addresses these conflicts of interest by ensuring that the subadvisors and programs selected are in the best interest of clients, and that they are not selected based upon total compensation to Semmax.

As discussed below, unless the client directs otherwise or an individual client’s circumstances require, Semmax Financial shall generally recommend that Fidelity Investments, LLC (“Fidelity”) or TD Ameritrade, Inc. (“TD Ameritrade”) serve as the broker-dealer/custodian for client investment management services. Semmax typically no longer recommends Pershing LLC (“Pershing”) for advisory clients, however, some of its clients still have a relationship with Pershing. Broker-dealers such as Fidelity and TD Ameritrade charge brokerage commissions and/or transaction fees for effecting certain securities transactions



(i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions).

Semmax Financial's annual investment advisory fee shall be prorated and paid quarterly, either in arrears or in advance.

**In Advance**

Fees assessed in advance will be based upon the market value of the assets on the last business day of the previous quarter. For the initial billing period, the fee is pro-rated for the remainder of the quarter.

**In Arrears**

Fees assessed in arrears will be based upon the market value of the assets on the last business day of the quarter. For the initial billing period, the fee is pro-rated for the portion of the quarter in which advisory services are used. This fee will be assessed during the first month of the following quarter.

Advisory fees for accounts custodied at Fidelity and TD Ameritrade are charged quarterly in advance. Advisory fees for accounts custodied at Pershing are charged quarterly in arrears.

Semmax Financial has the sole discretion to charge a lesser advisory fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

The Investment Advisory Agreement between Semmax Financial and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Semmax Financial will be entitled to a pro rata fee for the days service was provided in the final quarter and will refund the pro-rated portion of fees collected in advance based upon the number of days remaining in the quarter. Clients will be given a thirty (30) day written notice prior to any increase in fees.

Neither Semmax Financial, nor any of its investment adviser representatives receive compensation for the sale of securities.

The recommendation by Semmax Financial adviser representatives for a client to purchase an insurance product presents a conflict of interest based upon the incentive of the representative to receive a commission on the insurance product. Semmax Financial manages this conflict of interest by reviewing any proposed insurance products to determine if the product is in the client's best interest. Advisory clients are not required to purchase insurance products or services recommended by the representative, nor are they required to purchase them through Semmax, Inc.

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

Neither Semmax Financial, nor any supervised person of Semmax Financial accepts performance based fees.

**Item 7            Types of Clients**

Semmax Financial's clients shall generally include individuals, business entities, trusts, estates, and charitable organizations. Semmax Financial does not have a minimum account size for opening or maintaining an account. Semmax Financial does recognize that certain portfolios used by Third Party Money Managers do have certain minimums for opening and maintaining accounts. The client will be given said information if applicable to the advisory services utilized by Semmax Financial.

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

**Methods of Analysis**

The following are methods of analysis that may be utilized in producing investment advice.

**Fundamental Value:** A method of evaluating a security by attempting to measure the intrinsic value of a security by examining related economic, financial, and other qualitative and quantitative factors. Fundamental value analysis attempts to study everything that can affect the security's value and individually specific factors. The goal of this analysis is to produce a value that an investor can compare with the security's current price. This form of analysis uses real data to evaluate a security's value. When used with additional research, we believe this method may provide an element of protection against significant loss of value.

**Fundamental Growth:** A method of evaluating a security by attempting to measure the intrinsic growth potential of a security relative to the growth expectations already contained in the current price. The goal of this method is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with the security. In our opinion, when used with additional research, this method may provide an element of protection against significant loss of value.

**Cyclical:** A method that analyzes the investments sensitivity to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the

economy and higher demand during upswings. This method seeks to make its gains by buying the securities at the bottom of a business cycle, just before the turn around begins.

The main sources of information used by Semmax Financial in reference to its methods of analysis are primarily: Financial Newspapers and Magazines, Inspections of Corporate Activities, Research Materials prepared by others, Corporate Rating Services, Annual Reports, Prospectuses, Filings with the Securities and Exchange Commission.

### **Investment Strategies**

Semmax Financial utilizes numerous investment strategies to implement any investment advice given to clients. These strategies may include Long Term purchases (securities held at least a year), Short Term purchases (securities sold within a year), Trading (securities sold within 30 days), and Option Writing (including covered options, uncovered options or spreading strategies). Investments are made in equities, exchange-traded funds (“ETFs”), and pooled investment funds such as mutual funds or derivatives of any of the foregoing. The frequent trading of securities may have a positive or negative impact on investment performance. Performance from active trading can be lowered due to an increase in brokerage and other transaction costs.

### **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments, there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss, including loss of original principal.

Because of the inherent risk of loss associated with investing, Semmax Financial is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market conditions or declines. There can be no assurance that any employed investment strategy will prove profitable or successful. In list of these risks/rewards, a client may direct Semmax Financial, in writing, not to employ any or all such strategies for their accounts.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While Semmax manages client investment portfolios based on Semmax’s experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying mutual funds and other securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that Semmax allocates assets to asset classes that are adversely affected by unanticipated market

movements, and the risk that Semmax's specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, Semmax may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Equity Market Risks.* Semmax will generally invest portions of client assets directly into equity investments, either individual stocks or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Company Risk.* When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

*ETF and Mutual Fund Risk* – Mutual fund investing involves risk including the possible loss of principal. Non-diversified funds are more susceptible to financial, market and economic events affecting the particular issuers and industry sectors in which they invest and therefore may be more volatile or risky than less concentrated investments. There can be no assurance that any fund will be able to achieve its investment objective. For more information on a particular fund's associated risks, please refer to that fund's prospectus or equivalent disclosure document.

In addition, there is no assurance that a mutual fund, an ETF, or any security will achieve its investment objective. The principal risks of investing in any mutual fund or ETF are market risk, diversification risk and style risk (growth investing risk and mid-cap company risk). To the extent that a mutual fund or ETF invests in foreign securities or debt securities, a fund would be subject to foreign exposure risk, interest rate risk and credit risk. A fund may invest

in derivative instruments that carry derivative instruments risk. A principal risk is the risk that the value of equity securities may decline. Although a mutual fund or ETF may be a diversified fund, it may invest in securities of a limited number of issuers to achieve a potentially greater investment return than a fund that invests in a larger number of issuers. As a result, price movements of a single issuer's securities will have a greater impact on this fund's net asset value causing it to fluctuate more than that of a more widely diversified fund. These and other risk considerations are discussed in a fund's prospectus. Past performance of investments is no guarantee of future results.

*Option Risks.* The purchaser of a put or call option can lose all of the cost of the option (the premium). Most options expire "out of the money," meaning the purchaser will lose his or her premium on most options purchased. Selling puts and/or calls in a particular equity does not affect the downside risk of owning that equity, as described in "Equity Market Risks," above. There are additional significant risks involved in selling uncovered or "naked" puts or calls, that is, puts or calls on securities in which you as the client do not already own an underlying position in the security.

*Fixed Income Risks.* Semmax may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

## **Item 9            Disciplinary Action**

Semmax Financial has not been the subject of any disciplinary action.

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

Licensed Insurance Agents. The representatives of Semmax Financial in their individual capacities are licensed insurance agents. Semmax Financial investment adviser representatives may offer certain insurance products through Semmax, Inc, an affiliate of Semmax Financial. Semmax Inc. was incorporated in North Carolina in Dec. 2003. The President and Owner of Semmax, Inc. is John E. Tyner, Jr. Any insurance product purchased through Semmax, Inc. usually involves a commission from the Insurance provider.

Semmax Financial receives marketing materials from Advisors Excel, an insurance marketing organization focused on helping independent advisors increase their life insurance and

annuity business. While much of this material benefits the business of Semmax, Inc. (see above), Semmax Financial also utilizes the marketing material in connection with its advisory business. Advisors Excel receives marketing compensation in connection with some of the insurance products purchased by our clients based on the recommendations of our representatives. Although the receipt of such marketing material is not conditioned upon any particular level of insurance business conducted by Semmax, Inc. with Advisors Excel, the receipt of such material is implicitly based upon a continuation of the relationship between the two firms.

Conflicts of Interest: The recommendation by Semmax Financial adviser representatives for a client to purchase an insurance product presents a conflict of interest based upon (1) the incentive of the representative to receive a commission on the insurance product. or (2) the incentive of Semmax Financial to continue to receive marketing materials from Advisors Excel. Semmax Financial manages the conflicts of interest by reviewing any proposed insurance products to determine if the product is suitable for the client. Advisory clients are not required to purchase insurance products or services recommended by the representative, nor are they required to purchase them through Semmax, Inc.

Affiliated Insurance Agency. John E. Tyner, Jr. who is the President and Owner of Semmax Financial, is also the President and owner of Semmax, Inc. Semmax, Inc. provides insurance related products to its clients and prospective clients. Semmax, Inc. also refers clients of Semmax Financial to Legacy Estate Services, an unaffiliated estate planning firm which contracts directly with attorneys to provide standard estate planning services at reduced rates. Semmax, Inc. receives compensation from Legacy Estate Services for these recommendations, as well as the provision of other services including notarization, witnessing and delivery of the legal documents once the attorney has prepared them. The receipt of this compensation presents a conflict of interest in that Semmax, Inc. has an incentive to refer clients to Legacy Estate Services so that it can receive compensation. We manage this conflict of interest by disclosing this compensation to all clients prior to making any such referral recommendations.

Affiliated Tax Agency. John E. Tyner, Jr., who is the President and Owner of Semmax Financial is also the President and Owner of Semmax Tax, Inc (“Semmax Tax”). Semmax Tax is a North Carolina corporation founded in 2011 and serves to provide tax services for clients. John E. Tyner, Jr. may at times receive compensation from Semmax Tax. Clients of Semmax Financial are not required to use the services of Semmax Tax. This affiliation can create a conflict of interest. Semmax Financial manages this conflict of interest by carefully reviewing any recommendation to purchase a tax product to assure that the product is in the client’s best interest.

Affiliated pooled investment vehicle. Semmax also serves as Manager of a limited liability company known as Semmax Futures Fund, LLC (“SFF”). SFF is a pooled investment vehicle that invests in commodity-linked investment instruments. Semmax is registered with

the Commodities Futures Trading Commission as a Commodity Pool Operator, and is a member of the National Futures Association.

Semmax investment adviser representative Joe Berry, age 45, joined Semmax in 2014 as an investment adviser representative. Mr. Berry is responsible for the trading activity of SFF. Prior to joining Semmax, Mr. Berry was employed in various management roles with Clayton Homes, a Fortune 500 company, for approximately nine years. Mr. Berry is a listed principal and associated person of Semmax in its capacity as a commodity pool operator, and has passed his Series 3 examination and provides individualized oversight regarding the buying and selling of futures contracts. Mr. Berry also holds his North Carolina insurance licenses for Life and Property and Casualty Insurance. He has passed the Series 65 examination for investment adviser licensees. For further information regarding Mr. Berry, please refer to his Form ADV, Part 2B (“Brochure Supplement”). Jay Tyner and Eric Mattinson are also listed principals and associated persons of Semmax in its capacity as a commodity pool operator. For further information regarding Mr. Tyner and Mr. Mattinson, please refer to their individual Form ADV, Part 2B (“Brochure Supplement”).

Limited liability company interests in SFF are offered to existing, former, and future Semmax clients. An interest in SFF may not be suitable for all such clients, and even for those clients for whom an interest is suitable, it may not be suitable for the client’s entire portfolio. Semmax carefully evaluates whether the objectives of SFF are consistent with those of the clients to whom it offers interests.

Neither Semmax nor any other person or entity receives sales compensation for selling or offering interests in SFF.

Semmax charges a management fee of 3% of the assets of SFF, which charges are operating expenses of SFF and, along with other operating expenses, are charged pro rata to the net asset values of the SFF interest owners. There is a conflict of interest in the offering and operation of SFF, in that Semmax earns a higher fee for the management of SFF than that which it charges and earns in the management of separately managed accounts of Semmax clients. Semmax clients may not, however achieve the benefit of investing in the particular strategy employed by SFF through separately managed accounts. Semmax manages this conflict of interest by carefully determining client suitability before recommending that a client invest in SFF.

Recommendation of Sub-Adviser. Semmax Financial has entered into agreements with Global Financial Private Capital (“Global.”) and GeoWealth Management, LLC (“GeoWealth”), investment advisers registered with the Securities and Exchange Commission.<sup>1</sup> Under the arrangement with Global, Global will become a subadvisor to Semmax. Global will have discretion to manage the assets to the same extent that Semmax has discretion. We have entered into a Sub-Advisory Agreement with Global to facilitate this

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<sup>1</sup> Registration does not imply any particular level of skill.

relationship. We have also implemented a new Investment Advisory Agreement by which our clients grant Semmax the authority to retain and terminate third-party managers, and to allocate assets between or among third-party managers.

Similarly, GeoWealth will serve as a subadvisor to Semmax Financial with discretion to manage the assets to the same extent that Semmax has discretion. We have entered into a Sub-Advisory Agreement with GeoWealth to facilitate this relationship.

These arrangements may create a conflict of interest in that typically Semmax receives higher fees for not referring clients to be co-managed by third-party managers. We manage this conflict of interest by carefully considering whether any additional benefit would be attained by client being advised directly by Semmax. For more information, please See Item 5 of this Brochure.

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

Semmax Financial maintains an investment policy relative to personal securities transactions. This investment policy is part of Semmax Financial's overall Code of Ethics. This Code of Ethics serves to establish a standard of business conduct for all Semmax Financial representatives and "access" persons. "Access" persons include advisers, their assistants, Compliance personnel, and senior management. The Semmax Financial Code of Ethics is based on the guiding principle that the interests of the client are our top priority. Semmax Financial officers, directors, advisers, and other employees have a fiduciary duty to their clients and must diligently perform that duty to maintain the complete trust and confidence of our clients.

In accordance with the Insider Trading and Securities Fraud Enforcement Act of 1988, Semmax Financial maintains and enforces written procedures designed to prevent the misuse of material nonpublic information by Semmax Financial or any person associated with Semmax Financial.

Semmax Financial and/or representatives of Semmax Financial may buy or sell securities that are also recommended to clients. This practice may create a situation where Semmax Financial and/or representatives of Semmax Financial are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Semmax Financial has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of Semmax Financial's "access persons."

"Access Persons" are given a copy of the Code of Ethics. Within one week of reception of the Code of Ethics, they are to indicate in writing that they have read the Code and agree to its provisions. They are required to review the Code annual and acknowledge in writing by March Thirty-First (31), that their personal investing has complied with the requirements. All



“access persons” must report their personal securities transactions to Semmax Financial. This activity includes any activity in any account where the person has a monetary interest. This activity applies to the buying and selling of equities, bonds, closed end mutual funds, options, futures, and private placements. All “access persons” must provide Semmax Financial with a current list of their brokerage accounts on an annual basis. All “access persons” must report their personal transactions to Semmax Financial. This is accomplished by the receipt of the Quarterly Transaction Report which is due by the thirtieth (30<sup>th</sup>) of the month following a calendar quarter.

Upon request, Semmax will provide a copy of its code of ethics to any client or prospective client.

## **Item 12            Brokerage Practices**

**Recommended Brokerage:** In the event that the client requests that Semmax Financial recommend a broker-dealer/custodian for execution and/or custodial services, Semmax Financial generally recommends that investment management accounts be maintained at Fidelity Investments or TD Ameritrade. Prior to engaging Semmax Financial to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Semmax Financial setting forth the terms and conditions under which Semmax Financial shall manage the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Semmax Financial considers in recommending Fidelity, TD Ameritrade, or any other broker-dealer/custodian to clients include historical relationship with Semmax Financial, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Semmax Financial clients shall comply with Semmax Financial duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Semmax Financial determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Semmax Financial will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Semmax Financial investment management fee. Semmax Financial’s best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

**Research and Additional Benefits:** Although not a material consideration when determining whether to recommend that a client utilize services of a particular broker-dealer/custodian, Semmax Financial may receive from Fidelity, TD Ameritrade, or another broker-dealer/custodian without cost (and/or at a discount) support services and /or products, certain of which assist Semmax Financial to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Semmax Financial from Fidelity may be investment-related research, pricing information, and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings and other educational and/or social events, marketing support, computer hardware and /or software and /or other products used by Semmax Financial in furtherance of its investment advisory business operations.

TD Ameritrade offers services to independent investment advisers through its Institutional Program which include the custody of securities, trade execution, clearance, and settlement of transactions. Semmax Financial receives some benefits from TD Ameritrade through its participation in the program. These benefits include various technological tools, items, and products that assist Semmax Financial in managing and servicing its clients' accounts. In addition, TD Ameritrade may provide discounts on products or services such as compliance, marketing, technology, and practice management products or services provided by third-party vendors or other benefits. These program benefits do not depend on the amount of brokerage transactions Semmax Financial directs to TD Ameritrade.

Semmax also receives marketing materials from Advisors Excel in connection with insurance sales as described in Item 10 above.

Semmax also receives research, analysis, market and other commentary and access to performance reporting software from Global Financial Private Capital, LLC.

As indicated above, certain of the support services and /or products that may be received may assist Semmax Financial in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Semmax Financial to manage and further develop its business enterprises.

The Securities and Exchange Commission has defined "soft dollar" practices as arrangements under which products or services, other than execution of securities transactions, are obtained by an investment adviser firm or through a broker-dealer in exchange for the direction by the adviser of client brokerage transactions to the broker-dealer. Semmax receives the benefits from Fidelity, TD Ameritrade and Global described above in connection with client securities transactions.

Semmax Financial clients do not pay more for investment transactions effected and/or assets maintained at Fidelity or TD Ameritrade as a result of this arrangement. There is no corresponding commitment made by Semmax Financial to Fidelity, TD Ameritrade, or any

other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangement.

Nevertheless, receipt of the benefits described in this section from Fidelity, TD Ameritrade and Global creates a conflict of interest. Semmax manages that conflict of interest by conducting a best execution analysis to assure that the total costs to the client is reasonable in relation to the value of the services provided.

**Directed Brokerage:** The client may direct Semmax Financial to use a particular broker-dealer (subject to Semmax Financial's right to decline and /or terminate the engagement) to execute some or all transactions for the client's accounts. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer, and Semmax Financial will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Semmax Financial. As a result, clients may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. In the event that the client directs Semmax Financial to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Semmax Financial.

In the event that the transactions for a client's accounts are effected through a broker-dealer that refers investment management clients to Semmax Financial, there exists the potential for conflict of interest if the accounts incur higher commission or transaction costs than the accounts would otherwise have incurred had the client determined to effect account transactions through alternative clearing arrangements that may have been available through Semmax Financial.

**Aggregation of Orders:** Semmax Financial may implement, when advantageous to all parties, the aggregation of orders for its clients. Such aggregation is to be separately disclosed to existing clients and no advisory account is to be favored over any other. All clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rata basis. The policies for aggregation shall be fully disclosed in Semmax Financial's ADV. Semmax Financial will not aggregate unless such aggregation is consistent with its duty to seek best execution and the terms of Semmax Financial's investment advisory agreement with each client for which trades are being aggregated. Each client that participates in an aggregated order will participate at the average share price for all Semmax Financial's transactions in that security on a given business day, with transaction costs shared pro-rata based on each client's participation in the transaction. Semmax Financial will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients. The aggregated order is to be allocated, when it is

filled, in accordance with the Allocation Statement. If the order is partially filled, it will be allocated pro-rata based on the Allocation Statement. Semmax Financial will reflect separately in its books and records, for each client account, the orders of which are aggregated, the securities held by, and bought and sold for that account. Semmax Financial shall not receive any additional compensation or remuneration of any kind as a result of such aggregation. Individual investment advice and treatment will be accorded to each advisory client.

**Cross Transactions:** When advantageous to the parties involved, Semmax Financial may implement cross transactions between two investment advisory clients of Semmax Financial. Prior to implementing a cross transaction in a client's account, the client will provide standing authorization allowing Semmax Financial to implement such transactions. This authorization is obtained after full written disclosure of the agency cross transactions. Each client involved is to receive written confirmation at or before the completion of the transaction including the nature of the transaction, the date of the transaction, offering the time the transaction took place. Semmax Financial does not receive any compensation for such cross trades.

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

Semmax Financial reviews advisory accounts annually, at the discretion of clients. These reviews examine the performance of the advisory accounts and also compare them to the objectives stated by the client in the investment advisory agreement. The reviews of advisory accounts are done by the Investment Adviser Representatives of Semmax Financial. Any notification to Semmax Financial or its representatives by the client in reference to a change in life status (employment, retirement, marital status, etc.) will be reason for an automatic review of advisory accounts for said client. Advisory clients of Semmax Financial receive account statements no less than quarterly for managed accounts. These statements are provided by the custodian. Clients receive confirmations on transactions in accounts from the custodian, along with an additional statement for the month in which a transaction occurs. In addition, the Firm periodically reviews advisory accounts to ensure that they are consistent with the investment objectives selected by the client.

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

As referenced in Item 12 above, Semmax Financial may receive an indirect economic benefit from Fidelity and TD Ameritrade. Semmax Financial, without cost (and/or at a discount), may receive support services and /or products from Fidelity and TD Ameritrade. Semmax Financial clients do not pay more for investment transactions effected and/or assets maintained at Fidelity or TD Ameritrade as a result of these arrangements. There is no corresponding commitment made by Semmax Financial to Fidelity, TD Ameritrade or any

other entity to invest any specific amount or percentage of client assets in any specified mutual fund, securities or other investment products as a result of the above arrangement.

If a client is introduced to Semmax Financial by a registered solicitor of Semmax Financial, such solicitor may receive a referral fee. Such solicitor arrangement is to be done in accordance with NCAC 06 .1717. Semmax Financial will have a written policy in reference to such a registered solicitor arrangement. If the client is introduced to Semmax Financial by the solicitor, the solicitor shall disclose the nature of his/her/its relationship, and shall provide each prospective client with a copy of Semmax Financial's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Semmax Financial and the solicitor, including the compensation to be received by the solicitor from Semmax Financial. Semmax Financial currently does not offer cash referral payments to clients who refer individuals who become clients of Semmax Financial.

## **Item 15           Custody**

Other than as described below, Semmax Financial does not maintain custody of client funds and securities. Semmax Financial shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Clients should carefully review those statements.

Our Firm has custody of client funds or securities due to our standing authority to make third-party transfers on behalf of our clients who have granted us this authority. This authority is granted to us by the client through the use of a standing letter of authorization ("LOA") established by the client with his or her qualified custodian. The standing LOA authorizes our Firm to disburse funds to one or more third parties specifically designated by the client pursuant to the terms of the LOA, and can be changed or revoked by the client at any time. We have implemented procedures to comply with the requirements outlined by the Securities Exchange Commission ("SEC") in its February 21, 2017 No-Action Letter to the Investment Adviser Association. Further, we require that a qualified custodian hold client assets. Information about the custodian that we recommend is fully described in the Brokerage Practices section (Item 12).

As mentioned in Item 10, Semmax in its role as a CFTC-registered Commodity Pool Operator serves as Commodity Pool Operator of a Commodity Pool known as Semmax Futures Fund, LLC ("SFF"). This results in Semmax having custody over funds in the SFF account. As to the assets of SFF, we have implemented the following safeguards:

1. Accounts will be held by non-affiliated qualified custodian.
2. We will employ an independent CPA to conduct an audit of SFF.

An independent certified public accountant will conduct an audit of SFF's financial statements in accordance with generally accepted accounting principles at least annually, and SFF will distribute a copy of this audit to all of SFF's investors within ninety (90) calendar days of the end of SFF's fiscal year. Semmax has not completed an audit yet as this is the first full fiscal year in which the SFF existed.

**Item 16            Investment Discretion**

The client can determine to engage Semmax Financial to provide investment advisory services on a discretionary basis. The client will be required to sign the Investment Advisory Agreement which grants Semmax Financial full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Semmax Financial on a discretionary basis may, at any time, impose restrictions, in writing; on Semmax Financial's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, etc.).

**Item 17            Voting Client Securities**

Semmax Financial does not vote proxies on behalf of clients. All proxy materials on behalf of a client's accounts are to be sent directly to the client or a designated representative of the client, who is responsible for voting the proxy. Semmax Financial may answer client questions regarding proxy-voting matters in an effort to assist the client in determining how to vote the proxy. However, the final decision of how to vote the proxy rests with the client.

With respect to assets managed by a third-party money manager, we will not vote the proxies associated with these assets. You will need to refer to each third-party money manager's disclosure brochure to determine whether the third-party money manager will vote proxies on your behalf. You may request a complete copy of the third-party money manager's proxy voting policies and procedures as well as information on how your proxies were voted by contacting the third-party money manager or by contacting Semmax at the address and phone number indicated on Page 1 of this disclosure document.

**Item 18            Financial Information**

Semmax Financial does not solicit fees of more than \$500 per client, six months or more in advance.

Semmax Financial is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

Semmax Financial has not been the subject of a bankruptcy petition.