

CENTENNIAL SECURITIES

· Investments & Advice ·

ADV Part 2A - Firm Brochure

Centennial Securities Company, Inc.

**3075 Charlevoix Drive, S.E.
Grand Rapids, Michigan 49546**

(616) 942-7680

www.centennialsec.com

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This brochure provides you information about the qualifications and business practices of Centennial Securities Company, Inc. If you have any questions about the contents of this brochure, please contact us at (616) 942-7680. 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 Centennial Securities Company, Inc., is also available on the SEC’s website at www.adviserinfo.sec.gov.

INTRODUCTION

This brochure contains important information. We encourage you to read it carefully and to ask questions if there is any information that you do not understand. The format and content of this brochure have been prepared based on the instructions to Form ADV, Part 2A, which is prescribed for use by registered investment advisers under federal and state securities laws and related rules. Form ADV, Part 2A supersedes Form ADV, Part II. Investment adviser registration does not imply a certain level of skill or training.

In this brochure, references to “we,” “us,” “our,” or “our firm” refer to Centennial Securities Company, Inc. Individuals who serve as our directors, officers, employees, and investment adviser representatives are referred to as our “representatives.” Our firm’s clients and prospective clients are referred to as “you,” “your,” or “our clients.”

ITEM 2: MATERIAL CHANGES

This section is designed to summarize material changes made since our previous Form ADV, Part 2A was filed with the SEC on March 26, 2020. Since the last version, changes were made to this brochure to update information regarding our new clearing and custody provider, RBC Correspondent Services, a division of RBC Capital Markets, LLC. Please contact your investment adviser representative or our office at 616-942-7680 if you have any questions or would like a new or additional copy of this disclosure document.

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ITEM 4: ADVISORY BUSINESS

We are headquartered in Grand Rapids, Michigan. We began business as a securities broker-dealer in 1978. We began offering investment advisory services in 2000. Our principal owners include Mario Bernardi, Ryan Diepstra, Randall L. Hansen, Kevin Kelly, James Klunder, Michael Ochoa, Craig Tuinstra, and Daniel VanderMolen.

Advisory Services

We offer discretionary and non-discretionary investment management and financial planning services. Prior to engaging us to provide services, you will be required to enter into a written agreement with us setting forth the terms and conditions under which we will provide our services (“Investment Management Agreement”). Our specific services, terms of our compensation, method of payment, and other important information are explained in more detail below. Our clients include individuals, businesses, trusts and estates, retirement plan sponsors and plan participants, foundations, endowments, and other charitable organizations.

Our investment advisory services are provided by and through our firm’s investment adviser representatives. We do not have an investment committee that determines the investment advice or recommendations to be given to our clients. Instead, each of our investment adviser representatives exercises his or her professional judgment to provide investment advice, recommendations, and advisory services.

Our Services for Individually Managed Accounts

We offer investment management services through individually managed accounts (“Individually Managed Accounts”), as described in the following paragraphs. There is no minimum size for our Individually Managed Accounts.

Assessing Your Financial Needs and Objectives

In handling Individually Managed Accounts, our representatives will meet or speak with you to learn about your investment objectives, your investment timeline, your risk tolerance, and other information about your personal circumstances. Based on the information gathered, your investment adviser representative will tailor advice to your needs and recommend a portfolio consisting of one or more categories of securities which we believe will serve your investment objectives in light of your risk tolerance. You may impose restrictions on investing in certain securities or types of securities.

During the interview process with our representatives, you should take care to ensure that the information you provide is accurate and complete. The information you provide us will play a key role in our ability to properly assess your investment objectives and risk tolerance. We do not independently verify or update the information you provide.

You should promptly inform us of any material change in your personal information, financial circumstances (including cash flow needs), investment objectives, or risk tolerance. We will assume you have not had any material change in your circumstances unless you tell us otherwise.

While we will use our best efforts to recommend investments that are designed to address your investment objectives and risk tolerance, we cannot assure you our recommendations will achieve your objectives. Past performance of investments is not necessarily indicative of future performance.

Election of Discretionary or Non-Discretionary Investment Management Services

We offer both discretionary and non-discretionary accounts. In a non-discretionary account, you must approve each of our investment recommendations prior to implementing them. When making investment decisions yourself, you should consider the important information contained in the current prospectus for the mutual fund or other security, if applicable. We would be happy to answer any investment-related questions you may have.

The other option we offer is to have your account managed on a discretionary basis. Discretionary investment authority permits us to direct the purchase or sale of securities held for your account in accordance with your investment strategy and objective without obtaining your permission for each specific transaction. Unless otherwise agreed, there are no specific limitations on the securities to be bought or sold or on the amount of such securities for a particular account other than the standard limitations inherent in actions prudently taken in the context of your particular circumstances. Discretionary investment management authority does not permit us to withdraw or transfer money from your account, except to pay our fees as described below.

Customized Portfolios

We develop customized portfolios based on our professional judgment, investment research, and analysis, as well as the experience of our representatives, including the use of asset allocation software provided by our clearing broker-dealer and qualified custodian, RBC Correspondent Services, a division of RBC Capital Markets, LLC (“RBC”), headquartered in Minneapolis, Minnesota. Subject to our firm’s general supervision, the investment adviser representative with whom you choose to work will determine the investment advice you receive. Based on your personal circumstances and risk tolerance, your representative will recommend a customized investment portfolio.

In recommending one or more investment strategies, we seek to combine various risk categories that, when considered as a whole, have a blended risk/return characteristic that is consistent with your overall risk tolerance and investment objectives, and time horizon. We may change the investments from time-to-time

based on a variety of factors, including such things as our assessment of the stock market, interest rates, the economy, recent developments impacting specific securities, and other considerations. We change your portfolio's composition or its investment weighting by purchasing or selling securities held in your account.

Investment decisions will be driven primarily by changes in our recommended asset allocation for your account, rather than the timing of your purchase or sale of any particular investment or how long you have held it. We will generally purchase, sell, and hold investments in your portfolio without specific consideration of your other investments and without regard to the specific tax consequences resulting from the purchase or sale of an investment in your account. **For specific tax questions or concerns, you should consult a tax professional.**

Our customized approach helps us to manage your account while providing you with the appropriate amount of flexibility. For example, you may already own some investments that you wish to hold for personal or other reasons. You may own some securities that we would not have recommended, but that you may not want to sell for tax reasons. **We are not responsible for the suitability of investments that you have selected without our recommendation whether or not you continue to hold them after we begin managing your account.**

Investment Management Services through Centennial's Wrap Fee Program

In addition to the programs discussed in this brochure, we offer customized portfolios through an advisory program that is our sponsored wrap fee program—Centennial Select (our “Program”). We emphasize continuous personal client contact and interaction in providing discretionary and non-discretionary investment management services. If you participate in our Program, we charge an asset-based fee which covers our advisory services and transaction execution in lieu of commissions. Clients participating in our Program are also typically charged fees incurred by the firm for holding client assets on RBC's advisory platform and mailing trade confirmations. These fees will apply unless otherwise negotiated with your investment adviser representative. Fees collected may exceed fees incurred, resulting in a profit to our firm or representatives. Our Program is generally managed in the same fashion as the programs discussed in this brochure using similar products and investment strategies as those discussed in more detail below.

A complete description of this Program and its fees are contained in our Part 2A Appendix 1 (“Wrap Fee Brochure”). To request a copy of our Wrap Fee Brochure, please contact your investment adviser representative or our office at 616-942-7680.

Investment Management Services outside of Advisory Programs

You are not obligated to participate in our Program, or any of the programs discussed below, in order to implement our investment advice. If you engage us outside of these programs, we will provide our investment advice to you, but we will implement

your transactions through another broker-dealer/custodian of your choice. You may impose reasonable restrictions or limitations on the types of investments in your account by providing us with such restrictions or limitations in writing.

Third-Party Managers and Advisory Programs made available through RBC

We offer investment management services to identify, monitor, and manage unaffiliated third-party investment managers (“Third-Party Managers”) through investment programs offered by or through RBC. Accounts for these investment programs are carried by RBC as the qualified custodian. Through our relationship with RBC, we presently offer *RBC Unified Portfolios* (“RBC UP”) and Third-Party Managers through *Envestnet Direct*. For externally managed programs, we will select and recommend managers based on a number of factors including, but not limited to, their investment experience, specialty, and historical performance. We will discuss the background of these managers with you to determine whether one or more of them may be suitable to manage some or all of your account. We will also monitor your account on an ongoing basis and recommend changes when and if necessary.

In conjunction with these Third-Party Managers’ programs, we act as a solicitor for, and offer advice about these programs. Similar to our Program, the sponsor selects the investments, monitors and evaluates investment performance, executes your portfolio transactions without commission charges, and provides custodial services for your assets. All of these services are generally provided for an asset-based fee which is paid to the program sponsor, who in turn pays a portion of the fee to the to us. We will serve as your primary contact for these Third-Party Managers and the related investment programs. . We are not, however, responsible for investment advisory or brokerage services performed by a Third-Party Manager.

In each of these advisory programs you will sign an Advisory Master Services Agreement with RBC. Our related services will also be covered by their contract. RBC will charge and collect the program-related fees and charges; in turn, RBC will pay us our share of those fees. Some of these investment programs allow you to purchase and sell mutual funds. These accounts may not be used for market timing strategies or activities for mutual funds or any high frequency trading activity. Neither we and RBC will not be responsible for any losses resulting from market timing activities or any action taken under its market timing policies.

RBC Unified Portfolios (“RBC UP”):

RBC UP is a unified managed account that provides clients with access to multiple model portfolios provide by Investment Managers, mutual funds and ETFs all within a single account with RBC Wealth Management or Envestnet providing overlay services. RBC UP allows you to bring your investments together in one account, receive professional money management, strategic tax management services, overlay portfolio management services for a single fee based on the value of your account. You’ll have access to a variety

of investments, including mutual funds, professional money managers, and exchange traded funds (ETFs).

The minimum investment to utilize this program is \$10,000. At this level clients will have access to several ETF portfolios and rebalancing capabilities. With a minimum investment of \$25,000, clients will also have access to a variety of RBC and other third-party model portfolio providers. If interested, ask your representative for a list of all third-party model portfolio providers. In addition to the negotiated advisory fee, RBC charges a platform fee of 20 basis points and an overlay manager fee of 5 basis points. These fees are charged to cover the cost of executing transactions in your account. The platform fee may be reduced as accounts increase in assets.

Envestnet Direct (“Envestnet”):

Envestnet is a leading provider of integrated portfolio, practice management, and reporting solutions to financial advisors and institutions. Their open architecture platform encompasses a broad range of institutional-quality research, investment products, and advisory resources. Envestnet provides access to a vast array of investment vehicles and Third-Party Manager relationships that may be otherwise unavailable.

Account minimums and fees can range based on the program and manager selected by you and your representative. In addition to the negotiated advisory fee, RBC charges a 10 basis point custody fee, Envestnet charges a platform fee, and the Third-Party Manager charges a management fee. These fees are charged to cover the cost of holding your assets and executing transactions in your account. Specific fee information should be discussed with the representative with whom you decide to work.

Financial Planning and Consulting Services

We also offer tailored financial planning and consulting services. Whether you decide to engage us to perform comprehensive financial planning or a more narrow approach, you may select from a wide menu of financial topics, including: investment product and services planning, tax planning, financial planning with needs analysis, insurance planning, business planning, estate planning (other than legal services), real estate and mortgage analysis, personal and business budgeting, purchase recommendations, cash flow management, and retirement planning. Depending on which of our representatives you decide to work with and their respective level of expertise and certification, not all services may be available.

Our project or hourly fees for these services are described below in the “**FEES AND COMPENSATION**” section. There is no firm-level minimum net worth required for our financial planning and consulting services, although certain representatives may personal minimums.

Assets Under Management

As of December 31, 2019, we provided continuous and regular management services on a discretionary basis for accounts valued, in the aggregate, at approximately **\$299,999,045** and on a non-discretionary basis for accounts valued, in the aggregate, at approximately **\$431,885,339**.

ITEM 5: FEES AND COMPENSATION

Our fees vary depending upon the market value of your assets under management and the management services you select and may be higher or lower than fees charged by other firms for comparable services. **Additionally, participation in the programs discussed in this brochure may cost you more or less than purchasing all the relevant services separately.**

Investment Management Fees Outside of Advisory Programs

We disclose your specific fee in your Investment Management Agreement with us. Although we may negotiate our fee, our standard fee schedule is as follows:

Account Value	Annualized Fee
Under \$500,000	0.75% – 2.50%
\$500,000 – \$1,000,000	0.50% – 1.75%
Over \$1,000,000	0.25% – 1.25%

We may agree to aggregate your accounts for purposes of calculating the asset level and fee. If you engage our services, our Investment Management Agreement will describe the specific manner and amount of our advisory fee. We may negotiate our fee under certain circumstances and **negotiated fees may be higher or lower than our standard fee schedule**. Please see the section below entitled, “Fee Negotiation.”

We rely upon your custodian’s account statements for fee calculation purposes. Our advisory fees will be billed and paid quarterly in advance. Each quarterly fee will be determined by applying one quarter of the billing rate to the value of your account as of the end of the previous quarter (or as of the inception of our relationship for the first quarterly fee). Our advisory fees cover our investment advisory services, but do not cover other charges as described below in the section entitled, “*Other Account-Related Expenses*.”

Unless otherwise agreed in writing, you will authorize us to deduct our periodic advisory fees from your designated account. Your authorization is limited to our withdrawing our advisory fees as and when due. We will provide your custodian with your written fee deduction authorization. We will not make the fee withdrawal if you timely object, in writing to us or your custodian. On a quarterly basis, your account custodian will provide you with an account statement indicating the advisory fees paid to us from your account. You may terminate your authorization at any time, in writing, but you will remain responsible for promptly paying us any advisory fees that remain due and unpaid.

If our direct fee deduction has been authorized, then our fees will be deducted from the cash balance in your account. If insufficient cash is available, then we will typically liquidate a sufficient amount of securities in your account to cover the balance due in the following order: money market shares, mutual fund shares, and then other types of securities. For taxable accounts, a liquidation of securities may result in taxable income to you.

Third-Party Managers Program Fees

Total fees, including our share of those fees, will typically range from at least 0.50% up to 2.50% per year. Our fees will be included in the total fees charged and collected by RBC. RBC pays us our portion of the fees and pays the Third-Party Manager their portion of the fees. The asset-based fee you pay covers advisory, execution, custodial, and reporting services for your account. Each quarter, RBC will bill you one all-inclusive fee, covering our portion, the Third-Party Manager's portion, and RBC's portion of the advisory fees for the program or programs you select.

Financial Planning and Consulting Fees

While often included in our asset-based advisory fee, our fees for financial planning and consulting may be charged on either an hourly basis or at a fixed project fee. The amount of time it may take for us to prepare a financial plan or to provide consulting services, and hence our fees, vary based on factors such as the scope of your desired financial plan and the complexity of your personal circumstances. Generally, our hourly fees range from \$100–\$300 for our professional staff and \$50–\$100 for our administrative staff. The applicable hourly charge or fixed fee will be specified in our contract prior to you engaging our services. You may also negotiate a flat, project-based fee.

Advisory Fees for Defined Contribution Plans

Fees for Defined Contribution Plans will be negotiated with the Plan Sponsor. The actual billing rate will be specified in the contract we sign with you. We rely upon your custodian's account statements for fee calculation purposes. Our advisory fees are billed to the plan's sponsor, trustees, or third-party plan administrator depending upon your wishes. Our fees will be due promptly upon receipt of our invoice. Depending upon the terms of the plan, some or all of our fees may be allocated among the plan's participants by the plan's sponsor, trustees, or third-party plan administrator in accordance with the plan's governing documents.

Fee Negotiation

Our representatives may negotiate fees taking into consideration such things as the size of your account, the number of managed portfolios or accounts, your relationship with other clients (e.g., family and friends), the length of our relationship with you, the complexity of your personal circumstances, the composition of your portfolio, the complexity of investment strategies, the frequency of desired meetings or special reporting, and other factors that affect our cost of providing services to you. If you, your family, or

related persons also have accounts under our management, those accounts may be aggregated for fee calculation purposes. **For these reasons, our fees may vary among clients who may otherwise be similarly situated.** Other investment advisers may charge higher or lower fees for comparable services.

Fee Proration and Adjustments

We reserve the right to prorate our fees for large deposits to your account made during a billing cycle. No adjustments or refunds will be made in respect of the appreciation or depreciation of account asset values during a billing period or withdrawals from your account during that period, unless otherwise agreed in writing.

Other Mutual Fund Related Expenses

Mutual funds of all types charge their shareholders various advisory fees and expenses associated with the establishment and operation of the funds. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, shareholder servicing fee, other fund expenses, and sometimes a distribution fee. These separate mutual fund fees are disclosed in each fund's current prospectus, which is available from the mutual fund and, upon request, can be provided by our firm.

Generally speaking, most mutual funds may be purchased directly without using our services and without incurring our advisory fees. Moreover, many mutual funds pay shareholder servicing fees ("12b-1 fees") to brokerage firms and their registered representatives in consideration of their services to the fund's shareholders. We typically recommend mutual funds with an advisory share class which do not include a commission or sales charge. If no such share class is available, we will attempt to locate the most cost-effective class available at that time. However, we do not continuously monitor the release of additional share classes after the initial purchase. If the share class purchased does carry 12b-1 fees we may return such fees or lower the advisory fee you may have otherwise been charged, at the discretion of your investment adviser representative.

Termination of Services

You may terminate our services at any time by notifying us and we may terminate our services by notifying you. Termination notices must be sent in writing. During the first five business days after you sign our Investment Management Agreement you may terminate without penalty or obligation. Thereafter, you may terminate by giving us five business days' notice and you will be responsible for the prorated portion of our advisory fees. You are responsible for any transaction for your account that has been initiated prior to our receipt of your termination notice.

The unearned portion of advisory fees that you have paid us will be automatically refunded to you promptly, less any amount required to satisfy your transaction-related obligations. We base the refund proration on the number of elapsed days in the billing period. If you terminate your brokerage account with our firm, you will need to either move your account assets to another broker-dealer or custodian or designate a new broker-dealer of record for your account. Different brokerage firms may impose different terms and charges for their services.

You may terminate the services of any Third-Party Manager in accordance with the terms of the Third-Party Manager's client services agreement, subject to limitations imposed by applicable laws or rules. You may terminate those services without terminating our services. If you terminate our services, you may or may not be able to continue to utilize the Third-Party Manager's services. Third-Party Managers are responsible for refunding the unearned portion of their fees, as described in their disclosure brochures.

Brokerage-Related Compensation

We are registered as a securities broker-dealer and we employ registered representatives to perform our brokerage services. If you use our brokerage services outside of one of the asset-based advisory programs discussed above, we will receive transaction-based compensation such as commissions. If you purchase fixed income securities from our inventory, we will receive additional compensation through a mark-up or mark-down of the purchase price, rather than a brokerage commission.

Paying separately for brokerage services creates a conflict of interest with respect to our recommendations by creating an incentive to recommend investments for which we may receive transaction-related compensation. We take steps to mitigate these conflicts of interest. We may also recommend certain asset-based advisory programs, described above, that include both investment advice and brokerage services in the asset-based fee. Whether we act as a broker or dealer in a transaction for your account, you will receive a transaction confirmation disclosing our capacity and our compensation.

You are always free to implement our investment advice through the services of another broker-dealer. Other unaffiliated broker-dealers, such as discount brokerage firms, may charge less than we do, but typically do not offer investment advice.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not charge performance-based fees. Our advisory fees are not based on a share of the capital gains you earn or on the capital appreciation of assets in your account.

ITEM 7: TYPES OF CLIENTS

We provide portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, trusts and estates, charitable institutions, endowments,

foundations, as well as corporations and other business entities. Minimum account size varies by the investment management program you select.

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

Methods of Analysis

We rely upon several methods of investment analysis in formulating our advice. We also consider factors such as the experience, depth, and strength of a company's or fund's management team.

When analyzing individual stocks, bonds, and similar securities, we typically rely upon a fundamental analysis. Fundamental analysis is a technique that attempts to determine a security's value by focusing on the economic well-being of a company, as opposed to movements of its market price. In the course of our analysis, we will review a company's financial statements and consider factors including, but not limited to, the company's historical financial condition, prior operating results and trends, its projected revenue growth, its competitive advantages and disadvantages, the anticipated demand for its current and future products or services, the age and nature of its assets, and other factors affecting the company's anticipated results from future operations. Past performance does not assure similar future performance. A company's fundamental value can be adversely affected by many factors unrelated to its actual operating performance.

We also utilize technical analysis to evaluate potential investments. Unlike fundamental analysis, technical analysis does not analyze the company's value, but instead analyzes the movement of stock prices in the market, both individually and within an industry or sector of the market. Technical analysis studies the supply and demand in the market in an attempt to determine historical and future trends. Stock price movements, compared to indices and benchmarks, may be analyzed through the use of historical charts and market-related empirical data. Notwithstanding favorable market price movements, a company's financial condition and other unique factors can adversely affect its value.

We also take into consideration whether a company's stock or the industry in which it operates is cyclical or not. Cyclical stocks or industries are affected by broad changes in our economy's business cycle. The value of cyclical stocks tends to move in the same direction as the economy, while the value of counter-cyclical stocks tends to move in the opposite direction.

When analyzing and recommending mutual funds, we consider a broad range of information and a variety of factors about each fund, including its investment style and strategies, management team, any related fund family, investment and redemption terms and conditions, size, portfolio diversification, portfolio turnover, sales load, internal charges and costs, and historical performance. Most of this information comes from each mutual fund prospectus. Depending on factors such as your age, risk tolerance, and time horizon, we take into consideration an appropriate allocation of your investments among various types of mutual funds.

We obtain information from a number of sources, both public and by purchase, including financial newspapers and magazines, inspection of corporate activities, research materials prepared by third-parties, corporate rating services, annual reports, prospectuses, reports filed with the SEC, and company press releases. We believe these resources are reliable and regularly depend on these resources for making our investment decisions.

Investment Strategies

We use a variety of investment strategies depending on your circumstances, financial objectives, and needs. We may recommend implementing one or more of the following investment strategies: long-term purchases (held at least a year), short term purchases (held less than a year), trading (sold within 30 days), margin transactions, and buying or selling options.

We may recommend implementing these strategies using stocks, bonds, mutual funds, municipal securities, option contracts, certificates of deposits, and other types of investments. We often recommend mutual funds of different kinds to promote portfolio diversification within various asset classes, such as industry sectors, domestic, international, or equities/bonds. We may recommend period purchases, sales, and exchanges of those mutual fund shares within mutual fund families and between different mutual fund families when there are changes in your needs, market conditions, or economic developments.

Types of Investments

We offer advice about a wide variety of investment types, including mutual funds, index funds, exchange-traded funds, variable annuities, stocks, bonds, options, and other types of securities, as well as FDIC-insured certificates of deposit. We would be pleased to explain and answer any questions you may have about these kinds of investments. Some of the investment products that you may encounter are explained in more detail below.

Mutual Funds

Mutual funds are a pooled investment vehicle which allow investors to own small portions of many underlying positions. Mutual funds are generally considered to be long-term investments used in a buy and hold type strategy. We often recommend various types of mutual funds to promote portfolio diversification within various asset classes, such as industry sectors, domestic/international, or equities/bonds. The different kinds of mutual funds we use each have inherently different risk characteristics and should not be necessarily be compared side-by-side.

Exchange-Traded Funds

Exchange-traded funds (“ETFs”) represent a fractional ownership interest in an underlying portfolio of securities or commodities. Many exchange-traded

funds track a specific market index and some are actively managed. Some invest in specific economic sectors, domestically or globally. Most ETFs combine characteristics of an open-end mutual fund and a stock. However, unlike mutual funds, individual investors do not purchase or redeem shares from the fund. Instead, like stocks, individuals buy and sell shares of ETFs on an exchange, including the American Stock Exchange, the New York Stock Exchange, and the Chicago Board Options Exchange. ETFs offer investors a cost-effective opportunity to obtain portfolio diversification by buying or selling an interest in a portfolio of stock or bonds in a single transaction.

Variable Annuities

Variable annuities are highly complex financial products offered by insurance companies. Your investment in a variable annuity contract is subject to both general market risk and the insurance company's credit risk. These and other risks are described in the variable annuities' prospectuses. Variable annuities are regulated under both securities and insurance laws and related rules and regulations. Variable annuities offer various benefits and features which may or may not have value to you depending on your circumstances and we would be pleased to discuss them with you.

Individual Stocks and Bonds

The risks inherent with individual stocks and bonds are similar to those related to mutual funds. However, unlike mutual funds, individual securities carry more risk because of the possible lack of diversification in the event that your portfolio isn't spread across many industries and companies. An owner of an individual security is subject not only to market risk, but company risk, or "significant event" risk as in the case of bankruptcy, loss of major customers, loss of earnings, or similar factors. Typically, individual securities have more volatility and potential for larger gains and losses. Unlike mutual funds, you face a greater risk of losing your entire investment in an individual stock or bond. We seek to mitigate these risks in the ownership of individual securities by sound research and diversification.

Options

Where suitable and appropriate for clients, we may engage in a variety of transactions involving options, although they do not represent a primary focus of our investment strategy. Options are derivative financial instruments whose value depends upon, or is derived from, the value of something else, such as a stock or a stock index. Where suitable for certain clients, we may make use of "short" options positions, the values of which move in the opposite direction from the price of the underlying security. We also may use options, both for hedging and non-hedging purposes, including as a substitute for a direct investment in the securities of one or more issuers. The risk of loss from certain options trading strategies is theoretically unlimited. The prices of options may move in unexpected ways due to the use of

leverage or other factors, especially in unusual market conditions, and may result in increased volatility. Options are not suitable for all clients.

Investment Risks and Rewards

All investment products include different types and levels of risk. These risks will be discussed with you in determining the investment objectives that will guide our investment advice for your account. Upon request, as part of our services, we can discuss with you the types of investments and investment strategies that we believe may tend to reduce these risks in light of your personal circumstances and financial objectives.

Obtaining higher rates of return on investments typically entails accepting higher levels of risk. Based upon discussions with you, we will attempt to identify the balance of risks and rewards that is appropriate and comfortable for you. It is still your responsibility to ask questions if you do not understand fully the risks associated with any investment or investment strategy.

We strive to render our best judgment on your behalf. Still, we cannot assure you that your investments will be profitable or assure you that no losses will occur in your investment portfolio. Past performance is one relatively important consideration with respect to any investment or investment advisor, but it is not a predictor of future performance. While we will continuously strive to provide outstanding long-term investment performance for you and our other clients, many economic and market variables beyond our control can affect the performance of your investments.

There are many types of risks, which vary with the type of investment or strategy. We would be happy to discuss them with you. Generally, some of the more common investment-related risks that may affect your investment portfolio include:

- Business risks are associated with a particular company or industry. For example, start-up companies carry greater business risks than established companies. Companies developing new technologies carry greater business risks than manufacturers of well-established or widely used products and services.
- Financial risks are often associated with the ability of a company to raise capital or finance its operations, as well as its ability to repay indebtedness. Highly leveraged companies face greater financial risks than well-capitalized companies.
- Market risks are related to the effects of economic, political, natural disasters, or other events on the price of a publicly-traded stock, bond, exchange-traded fund, or other securities. This type of risk is typically affected by extrinsic factors that often are not related a particular company's financial condition, performance, or circumstances. For example, investment speculation can materially affect market prices.

- Liquidity risks are associated with an investor's ability to readily convert a security or other asset into cash. Generally, there is greater liquidity for securities that are publicly traded on stock exchanges or trading facilities that match buy and sell orders. Privately offered securities may be highly illiquid because there is little or no trading or market activity.
- Concentration risks result from a lack of investment diversification, which may be expressed in terms of geography, industry, or economic sector. For example, mutual funds typically invest in a large number of different companies, typically lowering the risk that one or a small number of those companies experience a significant loss.
- Options are complex, derivative securities that involve special risks. Option contracts expire at a stated maturity date and have no further value. Unlike traditional securities, the value of an option and the return from holding an option varies with the value of the underlying security from which it derives and other factors.
- Interest-rate risks are associated with changes to investment prices due to increasing or decreasing interest rates. For example, when interest rates rise, yields on newly issued bonds become higher, making them more attractive than yields on already outstanding bonds, which may cause the market values of outstanding bonds to decline.
- Real estate investment trusts ("REITs") own, directly or indirectly, various types of real property interests and, therefore, bear real estate-related risks, among others. Most REITs focus on particular types of commercial development, such as apartments or office buildings, exposing them to downturns in demand, occupancy, and prices for these kinds of real estate. Some REITs bear risks associated with excessive debt, geographic concentration, and poor property management practices.
- Inflationary and deflationary risks are associated with the purchasing power of the dollar, which is affected by broad economic, monetary, governmental policies, and the balance of supply and demand for products and services.
- Reinvestment risks are typically related to fluctuations in the potential interest rate at which future investment proceeds may have to be invested. For example, reinvestment risks may increase during periods of falling interest rates. This risk primarily relates to bonds and other fixed income securities.
- Currency risks are primarily associated with foreign investments. For example, a company's earnings in a foreign country may be affected by fluctuations in the value of the dollar against that foreign currency.

Similarly, the investment return of a foreign security may be affected by changes in currency exchange rates.

ITEM 9: DISCIPLINARY INFORMATION

As a registered investment adviser, we must inform you of all material facts regarding any legal or disciplinary events that would be material to your evaluation of our advisory business. We currently have no material legal or disciplinary events to disclose related to our investment advisory services. For more information about our firm, you may visit www.adviserinfo.sec.gov or <https://brokercheck.finra.org>.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Our Other Financial Industry Activities

In addition to being registered with the SEC as an investment advisor, we are also registered as a broker-dealer with the SEC, the State of Michigan, and other states. We are a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). Our principal executive officers and our representatives are also broker-dealer registered representatives. We and our broker-dealer registered representatives are able to effect securities transactions for our clients and will receive separate, customary compensation for effecting securities transactions if you do not participate in our Program or one of the other programs discussed above. Purchasing products and services through our representatives directly benefits them personally and benefits us because of the additional compensation we will receive in those transactions.

In addition, we are a licensed domestic insurance agency in the State of Michigan, under which we are authorized to engage in the sale of fixed and variable annuities, as well as life insurance. Most of our advisory representatives are also licensed as insurance agents or brokers of various insurance companies and receive insurance commissions on insurance purchases which we recommend. The additional compensation creates conflicts of interest, which you should consider in engaging our services or the services of our affiliated businesses. Our advisory fee off-set policy, described in the “**FEES AND COMPENSATION**” section above, is intended to mitigate those conflicts. You may always choose a different insurance agent to implement our advice.

Our Affiliations and Relationships

Pathway Benefit Services

We have a relationship with a pension consultant, Pathway Benefit Services, Grand Rapids, Michigan (“Pathway”), a third-party plan administrator. Pathway is owned and operated by two registered representatives/investment adviser representatives of our firm, Thomas B. Petzold and Matthew D. Howell. We may refer corporate clients to Pathway for retirement plan services. We do not receive compensation for those referrals.

If you use Pathway's services, Messrs. Petzold and Howell will earn additional compensation for those services. Pathway and Messrs. Petzold and Howell may refer plan sponsors and trustees to us for our services, but we do not compensate anyone for those referrals. Our services for retirement plan clients who also use Pathway's services constitute a very small part of our business.

A majority of Pathway's retirement plans use our investment advisory services and maintain custodial accounts at Fidelity Brokerage Services, LLC ("Fidelity"). Plan sponsors and trustees who are unaffiliated with our firm and Pathway independently determine to engage our services. There are no obligations, nor economic advantages, for using both our services and Pathway's services.

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

Code of Ethics

We adopted a Code of Ethics ("Code") that applies to us and all of our employees. Each of them must comply with our Code as a condition to working with us. The Code describes the standard of conduct that we require of our employees and sets forth restrictions on certain activities, including personal trading in employee-owned, managed, or beneficially-owned accounts. By setting forth the regulatory and ethical standards to which we and our employees must adhere, the Code supports our efforts to promote a high level of professional and ethical conduct in furtherance of our fiduciary duty to our clients. Our Chief Compliance Officer (our "CCO") administers and enforces our Code. You may request a copy by contacting us. Our Code requires our employees to:

- comply with applicable federal and state securities laws;
- conduct themselves with integrity and act ethically in their dealings with the public, clients and professional associates;
- fulfill their duty of loyalty by acting solely in our clients' best interests;
- strive to provide long-term client satisfaction;
- disclose any conflict of interest;
- report any violation of our policies and procedures to our CCO as soon as possible; and
- submit reports of securities beneficially owned by them and their related persons and submit reports of securities transactions by them and their related persons, subject to certain permitted exceptions.

We prohibit our employees from investing in any initial public offerings and our employees must receive our CCO's approval before they invest in any private placements.

Participation or Interest in Client Transactions

Securities We May Purchase for Others: Centennial provides services for many clients so we may recommend securities for any number of clients prior to, contemporaneously with,

or after recommendations or trades made for other clients. We may customize portfolios, which may be subject to special investment guidelines or directives. Consequently, there may be many similarities in portfolio holdings among our clients' accounts and our proprietary or affiliated accounts. You should understand, however, that investments that are appropriate for some accounts are not necessarily appropriate for other accounts based on many factors such as risk tolerance, investment objectives, account size, investment time horizon, and tax planning considerations. Therefore, from time to time our advice may differ from account to account based on their respective financial needs, objectives, and circumstances.

Securities We May Purchase for Our Own Accounts: Our firm and our representatives may acquire or hold positions in or buy or sell the same securities or related options as you or other clients may buy or sell. To the extent that we may own, buy, or sell the same securities as recommended to clients, we may have a conflict of interest with respect to those securities. We seek to mitigate such conflicts by not offering proprietary investment products and ensuring that client transactions always take precedence over transactions by our firm or representatives when executed on the same day.

Mutual fund shares may also be recommended for investment advisory clients. Our firm and our representatives may, from time to time, purchase some of these same funds for their personal portfolios. In view of the fact that these shares are continuously issued and redeemed by the mutual fund at net asset value and that prices are not directly determined by supply and demand, no restrictions are placed on the use of these mutual funds by our firm or our representatives.

ITEM 12: BROKERAGE PRACTICES

Directed Brokerage and Pathway Defined Benefit ERISA Plans

We are a registered broker-dealer and our investment adviser representatives are also registered through us to handle securities brokerage transactions. Additionally, our clearing firm, RBC, is a qualified custodian, and provides the systems and technology we use to manage assets in your account if you engage us for investment management services.

In the context of selecting and retaining RBC as our clearing broker-dealer firm and qualified custodian to our advisory accounts, we fulfill our duty of best execution by taking into account numerous factors regarding a broker-dealer's execution of customer trades including: (1) overall market quality; (2) speed of execution; (3) order size; (4) trading characteristics of a particular security; (4) availability of accurate information affecting choices of the most favorable market; (5) availability of economic access to various market centers; and (6) cost and difficulty associated with achieving an execution in a particular market center. Our analysis of these factors is, among other considerations, based on information provided on a quarterly basis by RBC relative to their trade executions.

For defined contribution plan advisory services through Pathway Benefit Services, you must use Fidelity, member FINRA and SIPC, for brokerage and custodial services as described above in Item 10, under the section entitled, "*Pathway Benefit Services.*"

Pathway Benefit Services uses Fidelity Institutional Services for defined benefit plan advisory services because Fidelity provides daily recordkeeping services and access to multiple fund families with access to over 2,500 mutual funds.

Recommended Brokerage and Custodial Services and Soft Dollars

If you engage us for portfolio management services outside of our Program or for financial planning or consulting services, we will generally recommend our firm and RBC to act, respectively, as broker and custodian to your accounts, but you are not obligated to do so or to use our services or our representatives to implement our financial planning or consulting recommendations. Securities brokerage services are available from other sources at lower cost; however, discount brokerage firms generally do not provide personalized investment advice or other customer services that we can provide you.

When we direct transactions to such broker-dealers as we select, we will seek “best execution” for your account, which is a combination of a number of judgmental factors including price, execution, quality, and your needs. Recognizing the value of these judgmental factors, brokers selected may charge commissions (or “ticket charges”) that are higher than the lowest commissions that might otherwise be available.

Research & Soft Dollar Benefits

We have not entered and do not intend to enter into any contractual third-party soft dollar arrangements, such as where we commit to place a specific level of brokerage with a specific brokerage firm in return for which the brokerage firm will pay for various research related products or services for us, such as Bloomberg terminals or other communication links or services, computer software, investment publication subscriptions or other research related products or services that are generally available for cash purchase.

Client Directed Brokerage

If you do not use our firm and instead direct us to utilize another broker-dealer (e.g., Charles Schwab or Fidelity) to custody your assets and/or effect transactions for or with your account, you should understand that, in the case of such a directed brokerage arrangement:

- You will be solely responsible for negotiating the terms and arrangements on which those brokers and dealers are engaged, and we will have no responsibility for reviewing the fairness of those terms and arrangements;
- We will not seek better execution services or prices from other brokers and dealers in connection with transactions for your account;
- We will not monitor the performance of, or the services provided by the brokers and dealers so designated; and

- You 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.

Aggregation of Client Trades

When conducting certain transactions involving debt securities (e.g., bonds), if it appears that our clients will benefit from reduced transaction costs and fees, we may aggregate (i.e., combine) orders for multiple clients into a single transaction, place the aggregated order into a suspense account, and allocate (i.e., divide) the order among multiple clients. When orders are aggregated and allocated, the cost of the security, as well as all related transaction fees, will be shared equally among all participating clients on a pro rata basis.

Trade Errors

We have the responsibility to effect orders correctly, promptly and in the best interests of our clients. We have established an error correction policy to identify and correct any errors as promptly as possible without disadvantaging you or benefiting us in any way.

We have defined a “trade error” to mean when we have purchased or sold a financial instrument for a client account and that action is then determined to have been a mistake and the error results in a financial gain or loss for the client. Examples of errors may include:

- Purchases or sales of an incorrect or unintended security or quantity of securities for a client account;
- Purchases or sales of securities for the incorrect or unintended client account;
- Purchases or sales of securities that are not authorized by the client’s investment guidelines or applicable law or regulations (e.g., prohibited transaction under ERISA); and
- Purchase or sale transpositions (where an intended purchase is entered as a sale, or vice-versa).

If the error is our responsibility, your transaction will be corrected and we will reimburse you for any loss resulting from an inaccurate or erroneous order. Whenever possible and as soon as practical after an error has been discovered, we will reallocate any erroneous trade in a trade error account. Generally, if related trade errors result in both gains and losses in the client’s account, they may be netted. If the error results in a net loss, we will assume the loss. It is possible that you may not profit from the error, even if the correction results in a gain. Trade corrections require us to process a cancellation of the incorrect trade in your account and submit a trade with the correct conditions, for example, the correct number of shares, price, etc. As a result of this procedure, after the

correction, the client account will reflect only the trade as it should have correctly been processed.

ITEM 13: REVIEW OF ACCOUNTS

Reviews and Reviewers

We review each Individually Managed Account on a regular basis and more often if market conditions warrant. During our account review, consideration is given to your long-term investment objective(s), goals, economic and market conditions, recent performance of the various funds and securities you hold as compared to the performance of various market indexes. Alternative investments may be identified through various screening techniques we employ and may be implemented.

Our principals are responsible for reviewing your account and trading activity. For example, a compliance principal reviews all accounts upon opening. We also review activity in advisory accounts as part of our daily review of trading activity in all client accounts.

Reports for Accounts

If your account is held at RBC you will be provided confirmations after each transaction in your account and if a mutual fund is purchased, you will also receive a prospectus. If your account is custodied at another broker/dealer, that broker/dealer will provide the confirmation to you.

Periodic account statements, including a complete listing of all portfolio holdings and transactions for your account, will be sent to you on at least a quarterly basis by your account custodian. We rely upon, and are not responsible for, the accuracy of the custodian's account statements. If desired, we can also provide performance reporting on a pre-determined schedule.

If we provide reports in addition to your custodian's periodic account statements, you should carefully review and compare them to determine whether there is any inconsistent information. Please promptly notify us, or your custodian, if you find any apparent inconsistencies or if you have any questions.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Also described above under the heading, "FEES AND COMPENSATION," we may receive 12b-1 shareholder servicing fees and program administration fees from mutual funds with respect to your account. Finally, as described above, when we act as a broker-dealer outside of the programs discussed above, we may also receive transaction-based compensation. Additional compensation creates a conflict of interest that could affect our advice. Such compensation is typically disclosed in transaction confirmations and/or periodic account statements. Notwithstanding these potential conflicts, we strive to adhere to the highest ethical standards in performing our investment advisory services. We do not employ or pay third-party solicitors to refer new investment advisory business to us.

ITEM 15: CUSTODY

We do not provide custody services for your account. However, we are an introducing broker-dealer and, as such, may receive and promptly forward your funds or securities to RBC, a mutual fund, or any other custodian you have selected for your account. **All checks should be made out to your custodian as the payee.** We may also bill your account custodian for our advisory services, as described above, if you have granted us this direct fee-deduction authority. Our ability to handle your funds or securities, or to deduct our advisory fees from your account, is deemed to give us custody over your funds or securities even though we do not act as your account custodian.

If you select RBC to act as your account custodian, then all securities will be issued in uncertificated form in your name or in RBC's "street name" for your beneficial ownership. RBC will credit your account with cash and other assets you deposit in the account, with dividends and other contributions paid on shares of securities held in your account (unless automatically reinvested as described below), and with the proceeds from redemptions and sales of your securities. We are not affiliated with RBC and are not responsible for its services.

Some clients, through a 401k relationship, select Fidelity as the custodian for their mutual fund investments. You may already have, or you may select, another custodian for your account. Some custodians separately charge for their services.

You will receive statements from the broker-dealer, bank, mutual fund, or other qualified custodian that holds and maintains your investment assets at least quarterly. We urge you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Promptly ask us or your custodian questions about the information reported in your account statements.

ITEM 16: INVESTMENT DISCRETION

We generally receive discretionary authority in writing from clients at the outset of an advisory relationship in the Investment Management Agreement, as explained under the heading above, *Item 4 - "ADVISORY BUSINESS."* Discretionary authority grants us the ability to determine, without obtaining your specific consent, the securities to be bought or sold for your portfolio, the amount of securities to be bought or sold, and in most cases, the broker-dealer to be used and the commission rate to be paid. In all cases, however, such discretion is to be exercised in a manner consistent with your stated investment objectives for the account and by considering the size of your account and your risk tolerance.

Also, you may sign an agreement with your custodian that generally includes a limited power of attorney granting us authority to direct and implement the investment and reinvestment of your assets within the account, but not direct or move the assets outside of the account.

When selecting securities and determining amounts, we observe any investment policies, limitations and restrictions you provide to us in writing. For pension and retirement plans governed by ERISA, our investment advice is also limited by ERISA's requirements and prohibitions.

ITEM 17: VOTING CLIENT SECURITIES

We will not vote the proxies for securities held in your accounts. Proxy materials will be forward to you for voting. If you have questions about a proxy solicitation, we would be happy to discuss it with you.

ITEM 18: FINANCIAL INFORMATION

We are required to provide you with certain financial information or disclosures about our financial condition if we have financial commitments that impair our ability to meet contractual and fiduciary commitments to you or if we were to require prepayment of our advisory or financial planning and consulting fees in excess of \$1,200 per client, six months or more in advance. We have not been the subject of a bankruptcy proceeding and do not have any financial commitments that would impair our ability to meet any contractual or fiduciary commitments to you. While we may require prepayment of our financial planning and consulting fees, described above, we perform our services within six months of your engaging us. Fees for advisory services are collected quarterly in advance only.