

# SAFE LOCK ADVISORS, LLC

D/B/A PREVETT FINANCIAL

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Berea, KY 40403

FORM ADV PART 2A

FIRM BROCHURE

NOVEMBER 28, 2022

This brochure provides information about the qualifications and business practices Safe Lock Advisors, LLC. If you have any question about the contents of this brochure, please contact us at (502) 205-5200. 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.

Safe Lock Advisors, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Safe Lock Advisors, LLC is available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Safe Lock Advisors, LLC's CRD number is 307753.

## ITEM 2 - MATERIAL CHANGES

The material changes in this brochure from the last annual updating amendment of Safe Lock Advisors, LLC on 03/30/2022 are described below. Material changes relate to Safe Lock Advisors, LLC's policies, practices or conflicts of interests.

- Safe Lock Advisors, LLC has updated their primary office address (Cover page).
- Safe Lock Advisors, LLC has added the d/b/a Prevett Financial (Item 4)

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## ITEM 4 – ADVISORY BUSINESS

### OWNERSHIP/ADVISORY HISTORY

Safe Lock Advisors, LLC d/b/a Prevett Financial (“we”) was founded as a Kentucky Limited Liability Company in February 2020 by Daniel Prevett. We became registered as a Kentucky Investment Adviser in September 2020. We are a single member firm with one investment adviser representative, Daniel Prevett. Mr. Prevett is also our managing member and chief compliance officer. Additional information about Mr. Prevett can be found under Item 19 along with his attached Supplemental Brochure.

### ADVISORY SERVICES OFFERED

#### FINANCIAL PLANNING

##### *COMPREHENSIVE FINANCIAL PLANNING*

Our comprehensive financial planning services involve a review of your financial situation, goals and risk tolerance. Through a series of personal interviews and the use of questionnaires we will collect pertinent data, identify goals, objectives, financial problems and potential solutions. With this information, we tailor your financial plan and the advice we give to you. Our advice may cover any of the following topics: cash flow and debt management; college savings; estate planning; financial goals; insurance; investment analysis; retirement planning; risk management; tax planning strategies; employee benefits optimization; and other needs as identified during our meetings with you. You will receive a written financial plan following the completion of our meetings. Upon delivery of the written financial plan, the engagement is concluded. mu

##### *FINANCIAL CONSULTING*

We also offer financial consulting services where we focus on a single topic or multiple topics as identified in our meetings with you. The chosen topics are written in the financial planning and consulting agreement. Typically, we meet with you to discuss your questions, conduct research on the chosen topics and present the findings through a second meeting. Upon completion of the delivery of the recommendation, the engagement is concluded.

#### PORTFOLIO MANAGEMENT SERVICES

Our portfolio management services are offered on a discretionary and non-discretionary basis to assist with the ongoing management of your investment accounts. We work with you to understand your investment objectives, time frame and risk tolerance. With this information we create a customized portfolio using a combination of our proprietary model portfolios provided by us. We will request discretionary authority from you in order to select the securities and execute transactions without prior permission from you prior to each transaction. As described in Item 8, below; our advice is limited to the following investments: mutual funds, exchange traded funds (ETFs), stocks, bonds, options, and leveraged ETFs. We base our investment recommendations on a variety of factors including but not limited to performance risk, fees, tax efficiency of different investment strategies as your input and preferences regarding the strategies.

### TAILORED SERVICES

The goals and objectives for each client are documented before any investing takes place. Clients may impose restrictions on investing in certain securities or types of securities.

### WRAP PROGRAM

We do not sponsor a wrap program. This section is not applicable.

### CLIENT ASSETS MANAGED

As of February 2, 2022, we manage \$13,661,368 in discretionary assets and \$2,860,811 in non-discretionary assets.

## ITEM 5 – FEES AND COMPENSATION

### FINANCIAL PLANNING SERVICES

#### *COMPREHENSIVE FINANCIAL PLANNING SERVICES*

Comprehensive financial planning services are offered on a fixed fee basis that ranges between \$500 to \$5,000. The fixed fee varies depending on the nature and complexity of your individual circumstances and the number of areas covered by the written financial plan. Your Financial Planning Agreement will show what you will be charged to complete the scope of services as defined in the agreement. We will collect the agreed upon fee at the delivery of the written financial plan.

#### *FINANCIAL CONSULTING SERVICES*

Consulting services are offered at an hourly rate of \$300. At the beginning of engagement, we will provide you with a written estimate of the number of hours we believe the services will take. However, we will track the time we spend collecting your information, analyzing and researching the chosen topics, and time presenting the findings to you. We will collect the fee at the final meeting.

You may terminate the agreement for any reason without cost or penalty prior to the delivery of the written financial plan or completion of consulting services. To cancel the agreement prior to the scheduled delivery of the written financial plan or meeting, you must notify us by giving ten (10) days written notice to Safe Lock Advisors, LLC, 210 N Broadway St, Suite 5, Berea, KY 40403.

### PORTFOLIO MANAGEMENT SERVICES

For portfolio management services, we charge a fee based on the annual percentage of assets under management as reported by the custodian. Our annual management fee is based on the following fee schedule:

<u>Assets Under Management</u>	<u>Annual Management Fee</u>
Less than \$500,000	1.50%
Next \$1,000,000	1.00%

Next \$3,000,000	0.90%
Next \$5,000,000	0.75%
Above \$9,500,000	0.50%

The management fee is calculated and billed monthly, in arrears, meaning the management fee is calculated and collected based on the average daily market value of the assets under management times the number of days in the calendar month. For example using a 31 day month, fees for a given day with assets under management of \$100,000 is \$4.11 (\$100,000 multiplied by 1.50% divided by 365 days equals \$4.11); the daily fee is then multiplied by 31 days in the month (\$4.11 multiplied by 31 equals a total monthly fee of \$127.41). The total fee is then deducted on a monthly basis. The initial months management fee will be prorated for the number of days the account was managed during the month. The management fee is negotiable based on the size of the account.

Our management fee does not include brokerage commissions, transaction fees, or other related costs and expenses that are normally incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive, of and in addition to, our fee and we will not receive any portion of these commissions, fees, and costs. For more information about our brokerage practice please see Item 12.A.

You may terminate portfolio managements services for any reason within the first five (5) business days after signing an advisory contract, without any cost or penalty. Thereafter, the advisory contract may be terminated at any time by giving ten (10) days' written notice. To cancel the agreement, you must notify us in writing at Safe Lock Advisors, LLC, 210 N Broadway St, Suite 5, Berea, KY 40403. Upon termination, the fee will be prorated based on the number of days the account was open during the final billing period.

OTHER SECURITIES COMPENSATION

We do not receive any additional securities compensation. The item is not applicable.

RETIREMENT ROLLOVER CONFLICTS OF INTEREST

When we recommend you rollover a retirement account for us to manage, this creates a financial incentive because we charge a fee for our services. We attempt to mitigate the conflict of interest by acting in your best interest and applying an impartial conduct standard to all rollovers. Please note that you are not under any obligation to roll over a retirement account to an account managed by us.

## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) or provide side by side management.

## ITEM 7 – TYPES OF CLIENTS

We offer our services to individuals and high net worth individuals. We require a minimum balance of \$50,000. This may be waived at our discretion.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

We create each portfolio using modern portfolio theory as our investment strategy. Modern Portfolio Theory proposes that by investing in a predetermined asset mix derived from the efficient frontier (designed to achieve a specific client objective within a certain tolerance) and rebalancing with discipline, the portfolio is diversified across the various asset classes to mitigate unnecessary risk. This also provides for a portfolio that can operate without reliance on market timing and security selection; however, as with all equity investments, positive returns are not guaranteed. In conjunction with investing in a diversified portfolio, each portfolio is constructed to meet specific parameters set forth in the individual client's investment policy statement and/or other documents. These parameters can include – but are not limited to – tax efficiency, concentrated stock positions and management history. Once again, the risk associated with a diversified portfolio is that each class has different levels of risk and return, so each will behave differently over time and, despite being diversified, there is no guarantee that an account will grow.

### INVESTMENT RISKS

All investment programs have certain risks that are borne by you and **investing in securities involves risk of loss that clients should be prepared to bear**. Our goal is to reduce the risk of loss, but not at the expense of portfolio growth. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. To manage risk, we rebalance model portfolios on an as needed basis to bring the asset allocations back to their intended balances. You should feel free to ask questions about risks that you do not understand; we would be pleased to discuss them.

### RECOMMENDED SECURITIES

Our advice is limited to the following types of securities that we recommend in your portfolios: mutual funds, exchange traded funds (ETFs), stocks, bonds, options, and leveraged ETFs. Some of the risk associated with these securities include:

- **Credit risk:** This is the risk that an issuer of a bond could suffer an adverse change in financial condition that results in a payment default, security downgrade, or inability to meet a financial obligation.

- **Inflation Risk:** This is the risk that inflation will undermine the performance of an investment and/or the future purchasing power of a client's assets.
- **Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates.
- **International investing risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, foreign investments are subject to settlement practices, as well as regulatory and financial reporting standards, that differ from those of the U.S.
- **Leveraged Risk:** A leveraged ETF or mutual fund seeks to generate a return that is a multiple (usually 2X or 3X or -2X or -3X) of its benchmark index's performance over a specific, pre-set time period indicated in the fund's prospectus. That time period is also referred to as the "rebalancing period", and it is generally only one day, although it could be for a longer time period such as a month. As a result, the returns for these types of ETFs or mutual funds can differ significantly from that of their benchmark index, over periods lasting longer than the rebalancing period because of the compounding of returns. Generally, the longer the security is held, the more likely the returns of the leveraged product will differ from the long-term return of the index. Although potential returns are increased by leveraging, so are the potential losses, so these securities carry significant risk. As a result, leveraged and inverse ETFs or mutual funds are intended only for sophisticated investors with an aggressive tolerance for risk.
- **Covered Call Options Risk:** A covered call is a two-part strategy in which stock is purchased or owned and calls are sold on a share-for-share basis. There are two risks to the covered call strategy. First, the real risk of losing money if the stock price declines below the breakeven point. The breakeven point is the purchase price of the stock minus the option premium received. As with any strategy that involves stock ownership, there is a substantial risk. Although stock prices can only fall to zero, this is still 100% of the amount invested, so it is important that covered call investors be suited to assume stock market risk. Second, the opportunity risk of not participating in a large stock price rise. As long as the covered call is open, the covered call writer is obligated to sell the stock at the strike price. Although the premium provides some profit potential above the strike price, that profit potential is limited. Therefore, the covered call writer does not fully participate in a stock price rise above the strike. In the event of a substantial stock price rise, covered call writers often feel that they "missed a great opportunity."
- **Covered Put Options Risk:** A covered put is a put option which is sold by an investor and which is covered (backed) by a corresponding number of short shares of the underlying security. A covered put may also be covered by deposited cash or cash equivalent equal to the exercise price of the covered put. An investor could lose the premium paid to

purchase the put if the option expires. Also, an investor could lost out on the upside gains if he exercises and sells the stock.

- **Manager risk:** The chance that the proportions allocated to the various securities will cause the client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.
- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.

## ITEM 9 – DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would-be material to your evaluation of each supervised person providing investment advice. We have no information to report.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### BROKER DEALER AFFILIATION

We are not affiliated with a broker-dealer.

### FUTURES/COMMODITIES FIRM AFFILIATION

We are not affiliated with a futures or commodities broker.

### OTHER INDUSTRY AFFILIATIONS

We do not have other industry affiliations.

### RECOMMENDATION OF THIRD-PARTY INVESTMENT ADVISER

We do not currently recommend the services third-party advisers or sub-advisers.

## ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTION AND PERSONAL TRADING

### DESCRIPTION

Our Code of Ethics establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Our Code of Ethics covers all supervised persons, and it describes our high standard of business conduct and fiduciary duty to our clients. The Code of Ethics includes, among other things, provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All supervised persons must acknowledge the terms of the Code of Ethics annually or as amended.

### MATERIAL INTEREST IN SECURITIES

We do not have a material interest in any securities.

## INVESTING IN OR RECOMMENDING THE SAME SECURITIES

We do not invest in or recommend the same securities.

## ITEM 12 – BROKERAGE PRACTICES

### RECOMMENDATION CRITERIA

We require the clearing and custody services of a qualified custodian, Charles Schwab, an unaffiliated broker-dealer and member of FINRA/SPIC. In some cases, other qualified custodians may be recommended. Some of the primary considerations in determining reasonableness of commissions are: rates charged by other brokers that provide clearing or custody services for registered investment advisers; reputation and financial strength; breadth and depth of available products, with an important factor being the broker's no-transactions-fee mutual fund universe; accuracy with which transactions are processed; customer service responsiveness; availability of technology solutions interoperable with the firm's system's and suitable for managing multiple accounts; as well as your satisfaction. We periodically evaluate the foregoing factors, and while it may conclude based on its review that commission rates paid by you are reasonable, lower commissions may be available from other brokers in conjunction with retail (non-advisory) accounts, and certain mutual funds that carry a transaction fee may be available on a no-transaction-fee basis from other brokers or directly from the fund company.

### RESEARCH AND SOFT DOLLARS

"Soft dollars" are defined as a form of payment investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. We currently do not receive any soft dollars.

### BROKERAGE FOR CLIENT REFERRALS

We do not receive client referrals or any other incentive from any broker-dealer or custodian.

### DIRECTED BROKERAGE

We do not allow directed brokerage.

### TRADE AGGREGATION

We may aggregate transactions in equity and fixed income securities for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and each client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. We may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades, the liquidity of the securities or the discretionary or non-discretionary nature of the trades. If we do not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost you more money.

## ITEM 13 – REVIEW OF ACCOUNTS

### PERIODIC REVIEWS

#### *PORTFOLIO MANAGEMENT*

Our owner, Mr. Prevett, conducts quarterly reviews of your model portfolios created by us to determine if rebalancing is necessary. He also attempts to meet with you annually either in person or by telephone.

#### *FINANCIAL PLANNING*

Mr. Prevett will conduct a review of your written financial plan and provide necessary updates at your request by entering into a new agreement.

### OTHER REVIEWS

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a client's financial situation (such as retirement, termination of employment, physical move or inheritance).

### REPORTS

We provide you with a written financial plan if stated in the financial planning agreement. Additionally, you will receive at least monthly account statements from the account's custodian. We urge you to carefully review such statements.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

### OTHER COMPENSATION

We do not receive any other compensation.

### CLIENT REFERRALS

We may enter into an agreement with other financial services firms or individuals pursuant to which we will pay a portion of our management fee (Item 5) to the financial services firms or individuals for solicitation and referral services. Clients obtained through the use of a solicitor or referral service will not pay a different fee (higher or lower) than the fee the client would have been charged if the client had been obtained without their services.

We are aware of the special considerations promulgated pursuant to the 808 KAR 10:40, Section 2(2) of the Kentucky Administrative Rules and 17 C.R.F 275.206(4)-3 of the Investment Advisers Act of 1940. As such, appropriate disclosures shall be made to our clients, all required written records will be maintained, and all applicable laws and regulations will be observed. A Solicitor's Disclosure Document will be provided to each client by the investment adviser representative, as required under the Rule, and we will retain the clients signed acknowledgement of receiving our Form ADV Part 2A and the Solicitors Disclosure Document.

## ITEM 15 – CUSTODY

Your funds, securities, and accounts will be held at a qualified custodian, Charles Schwab. We do not take custody of client funds or securities. However, you will be asked to authorize to automatically deduct fees from your account for services such as management fees and financial planning fees only. We will send a monthly invoice to you outlining the fee calculation, the amount of the fee, the time period covered by the fee, the value of your assets upon which the fee is based and the specific manner in which the fee was calculated, and the amount withdrawn from the account. You may terminate this authorization anytime by giving us or the custodian written notice. You will receive at least monthly statements from the custodian that holds and maintains your assets. We urge you to carefully compare the account statements you receive from the custodian with the invoices and reports you receive from us.

## ITEM 16 – INVESTMENT DISCRETION

We offer discretionary and non-discretionary investment management services. In order to grant us discretionary power over the account, you must sign the investment management agreement. Our investment management agreement contains a limited power of attorney that allows us to select the security, the amount, and the time of the purchase or sale in your account. It also allows us to place each such trade without your prior approval. In addition to our investment management agreement, the custodian may request that you sign the custodian's limited power of attorney. This varies with each custodian. We discuss all limited powers of attorney with you prior to their execution. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for your account, and any other investment policies, limitation or restrictions.

Additionally, we maintain discretionary authority to determine the broker or dealer to be used for purchase or sale of securities for your account.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your account. You may also place reasonable limitations on the discretionary power granted to us as long as the limitations are set forth or included as an attachment in the investment management agreement.

With non-discretionary investment management services, you retain full discretion to supervise, manage, and direct the assets of the account. We will make recommendations on how the account should be managed. However, we must receive your permission prior to placing any trades. Still, you will be free to manage the account with or without our recommendation and all with or without our prior consultation.

## ITEM 17 – VOTING CLIENT SECURITIES

We do not vote proxy votes for any client. All proxy materials are mailed or emailed directly to the client from the custodian. Any proxy materials received by us will be forwarded to you for response and voting. In the event you have a question about a proxy solicitation, you should feel free to contact us.

## ITEM 18 – FINANCIAL INFORMATION

### BALANCE SHEET

We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to provide a balance sheet.

### FINANCIAL CONDITION

We are required in this Item to provide you with certain financial information or disclosures about our financial condition if we have a financial commitment that impairs our ability to service you. We do not have a financial commitment that impairs our ability to service our clients.

### BANKRUPTCY

We have not been the subject of a bankruptcy proceeding.

## ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS

We have one principal executive officer Daniel Prevett, (“Mr. Prevett”). Mr. Prevett’s biographical information is provided in the attached Brochure Supplement document.

Mr. Prevett is required to disclose additional information if he has other business activities. He currently has no other business activities to report. Typically, these activities and any conflicts of interests therewith are disclosed in Item 10 above and Brochure Supplement document.

Mr. Prevett is also required to disclose additional information if he receives performance-based fees, has any relationship or arrangement with an issuer of securities, or was ever found liable in an arbitration, civil, self-regulatory organization or administrative proceeding. Mr. Prevett has no information to provide on these topics as none of these apply to him.