

## FIRM BROCHURE

(Part 2A of Form ADV)

# Stephen R. Arnold dba Storehouse Advisory Group

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December 31, 2022

This Brochure provides information about the qualifications and business practices of Storehouse Advisory Group. If you have any questions about the contents of this Brochure, please contact us by e-mail at [steve@storehouseadvisors.com](mailto:steve@storehouseadvisors.com), or by phone at (865) 850-6529. 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.

Storehouse Advisory Group is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Storehouse Advisory Group (CRD #147449) is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 - Material Changes

The United States Securities and Exchange Commission requires that we provide to all clients an annual summary of material changes in ADV Part 2A within 120 days of the close of our business' fiscal year. This summary discusses only specific material changes that are made to the Brochure since the last revision (12/31/2021). We may further provide other ongoing disclosure information about material changes, as necessary, at any time, without charge.

A complete Brochure may be requested, free of charge, by contacting Stephen R. Arnold, Compliance Officer, at (865) 850-6529 or [steve@storehouseadvisors.com](mailto:steve@storehouseadvisors.com). Our Brochure is also available, free of charge, on our company web site at [www.storehouseadvisors.com](http://www.storehouseadvisors.com).

Additional information about Storehouse Advisory Group is also available via the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Storehouse Advisory Group who are registered, or are required to be registered, as investment adviser representatives of Storehouse Advisory Group.

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### Amount of Assets under Management

As of December 31, 2022, Storehouse Advisory Group provided advice on approximately \$370,389 of financial assets for approximately four individuals. These include all financial assets of clients who engage Storehouse Advisory Group for ongoing advice on their investment portfolios, whether continuous or periodic in nature.

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## Item 4 - Advisory Business

### Firm Description

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Storehouse Advisory Group has been in business since 2007, and is owned entirely by its founder, Stephen R. Arnold. Storehouse Advisory Group provides ongoing investment supervisory services tailored to the unique needs of individual clients.

### Methodology

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In order to determine a suitable investment strategy for each client, Storehouse Advisory Group engages clients in a financial planning process. This process may include a review of the client's:

- investment objectives,
- income and tax status,
- personal and business assets,
- life insurance coverage, and
- risk profile, among other data.

### Special Services

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As a part of its practice, Storehouse Advisory Group offers a Socially-Responsible Investing (SRI) platform to its clients. SRI is a method of investing that allows the client to invest based on their personal beliefs and values. Using the SRI methodology, the client may impose restrictions on investing in certain securities or types of securities. This specialty may also be referred to as morally-responsible Investing.

### Assets under Management

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As of December 31, 2022, Storehouse Advisory Group managed approximately \$370,389 of assets for four clients on a non-discretionary basis. Storehouse Advisory Group does not manage client assets on a discretionary basis.

## Item 5 - Fees and Compensation

The negotiable fee for Storehouse Advisory Group's investment advisory services ranges from ½ of 1% to 2% annually, based on the size and complexity of the account. The specific manner in which this fee is assessed is established in the written Investment Advisory Agreement between the client and Storehouse Advisory Group. This Agreement may be cancelled by either party upon delivery of written notice to the other party.

### **Frequency of Billing**

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The fee for Storehouse Advisory Group's services is billed on a quarterly basis, in arrears.

### **Calculation of Fee**

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The fee is calculated based on the market value of all the client's assets under management at the close of business on the last trading day of the calendar quarter. Storehouse Advisory Group's fee is not prorated for each deposit and withdrawal made during the applicable calendar quarter, however, the fee for accounts initiated or terminated during a calendar quarter is prorated.

### **Fees on Terminated Accounts**

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Upon termination of an account, any earned and unpaid fees are immediately due and payable.

### **Billing and Payment Method**

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Clients may elect to be billed directly for the fee or may authorize their custodian or brokerage to deduct the fee from their account and remit it to Storehouse Advisory Group. Billed fees are due within 30 days of receipt.

## Recommendation and Selection of Broker

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Item 12 (Brokerage Activities) describes the factors that Storehouse Advisory Group considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions). Clients may purchase recommended securities through a broker recommended by Storehouse Advisory Group or may select a broker or agent not affiliated with Storehouse Advisory Group.

## Other Fees

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Storehouse Advisory Group's fee is exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients will incur certain charges imposed by custodians, brokers, third party investment and other third parties such as:

- management fees,
- custodial fees,
- deferred sales charges,
- odd-lot differentials,
- transfer taxes,
- wire transfer,
- electronic fund fees, or
- other fees or 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, Storehouse Advisory Group's fee, and Storehouse Advisory Group shall not receive any portion of these commissions, fees, and costs.

## **Item 6 - Performance-Based Fees and Side-By-Side Management**

Storehouse Advisory Group does not charge any performance-based fees (fees based on a share of capital gains on, or capital appreciation of, the assets of a client) and does not have any side-by-side management relationships.

## Item 7 - Types of Clients

Storehouse Advisory Group generally provides portfolio management services to individuals and high net worth individuals.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

### Methods of Analysis

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Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

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

Other sources of information that Storehouse Advisory Group may use include Morningstar, Yahoo Finance, Moody's, Standard & Poors, Zacks, Lipper and the World Wide Web.

### Investment Strategies

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Client accounts are generally categorized into one of three strategies - *growth*, *preservation* or *income*. Unique portfolios are then structured to reflect the individual client's specified objectives, as discovered during client interviews.

Strategic asset allocation is used to construct portfolios that are generally comprised of individual stocks, exchange-traded funds, and mutual funds. Storehouse Advisory Group does not ordinarily recommend, but will provide advice relative to the following securities:

- Warrants,
- Corporate Bonds,
- Commercial Paper,

- Certificates of Deposit,
- Municipal Securities,
- Variable Life Insurance,
- Variable Annuities,
- U.S. Government Securities,
- Options Contracts,
- Futures Contracts,
- Real Estate Investment Trusts, or
- Oil and Gas Partnerships

### **Security Selection**

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Storehouse Advisory Group selects securities for client portfolios based on a number of criteria. The selection process is designed to provide the most conducive environment to meet the portfolio's objective. Among the factors considered are:

- Asset class
- Industry and company outlook
- Geo-political diversification
- Management performance and stability
- Financial strength
  - Cash flow
  - Positive earnings
  - Dividend history, and
  - Price to Earnings ratio relative to peers

### **Other Strategies**

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

### **Risk of Loss**

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All investment programs have risks of loss that the client should be prepared to bear. Storehouse Advisor Group's investment approach constantly seeks to

minimize these risks within the scope of the portfolio's designated objective. Investors face the following investment risks:

- *Interest-Rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline. Storehouse Advisory Group seeks to minimize interest-rate risk through strategic selection of securities that reflect the current and foreseeable interest rate environment.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events. Storehouse Advisory Group seeks to minimize market risk through strategic diversification and allocation of client assets across multiple companies, industries, asset classes and economies.
- *Inflation Risk:* When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation. Storehouse Advisory Group seeks to monitor and minimize inflation risk by strategic allocation of client assets into securities that either benefit from inflationary conditions, or that enjoy greater immunity from inflation's impact.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk. Storehouse Advisory Group seeks to minimize currency risk by strategically investing in securities that are expected to benefit from, or be immune to, fluctuations in the value of the US Dollar against other currencies.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities. Storehouse

Advisory Group seeks to minimize reinvestment risk through a structured or laddered approach to fixed income investing.

- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like. Storehouse Advisory Group seeks to minimize business risk through strategic allocation of client assets among industries and companies perceived to have an economic or competitive advantage.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not. Storehouse Advisory Group generally invests client assets only in securities that are widely- traded on the major U.S. exchanges.
- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value. Storehouse Advisory Group seeks to minimize financial risk by investing client assets primarily in companies with low debt ratios, positive earnings and good cash flows.

## 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 the adviser or the integrity of the adviser's personnel. Storehouse Advisory Group has no information applicable to this Item.

## Item 10 - Other Financial Industry Activities and Affiliations

Storehouse Advisory Group does not operate as either a broker/dealer or investment custodian.

Stephen R. Arnold is a licensed insurance agent. This business activity takes up a small portion of his time. Arnold recommends and sells a variety of insurance products to meet the financial planning needs of Storehouse Advisory Group's clients. Compensation for sale of these products and services is paid to Arnold directly from the insurer, never the client.

As disclosed in Item 5 (Fees and Compensation), from time to time, Storehouse Advisory Group recommends other investment advisers or money managers (not affiliated with Storehouse Advisory Group) for the purposes of managing a portion of the client's assets. In these instances, Storehouse Advisory Group is not paid directly by the client but will receive a portion of the investment advisory fee charged by the 3rd party adviser or manager.

## Item 11 - Code of Ethics

### Purpose and Review

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Storehouse Advisory Group has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and its fiduciary duty to its clients. The Code of Ethics includes provisions relating to:

- confidentiality of client information,
- prohibitions on insider trading,
- prohibitions of rumor mongering,
- restrictions on the acceptance of significant gifts,
- reporting of certain gifts and business entertainment items, and
- personal securities trading procedures, among other issues.

All supervised persons at Storehouse Advisory Group must acknowledge the terms of the Code of Ethics annually, or as amended.

Interested parties may request a copy of the firm's Code of Ethics by contacting Stephen R. Arnold, Compliance Officer at (865) 850-6529, or by e-mail at [steve@storehouseadvisors.com](mailto:steve@storehouseadvisors.com).

### Personal Trading

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Storehouse Advisory Group anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Storehouse Advisory Group, its affiliates and/or clients, directly or indirectly, have a position of interest.

Subject to satisfying the Code of Ethics and applicable laws, employees of Storehouse Advisory Group and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Storehouse Advisory Group's clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Storehouse Advisory Group will not interfere with:

1. *making decisions in the best interest of advisory clients, and*
2. *implementing such decisions while, at the same time, allowing employees to invest for their own accounts.*

### Restrictions on Trading

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Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Storehouse Advisory Group's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity.

Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an

employee. To reasonably prevent conflicts of interest between Storehouse Advisory Group and its clients, employee trading is continually monitored under the Code of Ethics.

### Processing of Trades

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Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Storehouse Advisory Group's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Storehouse Advisory Group will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

### Principal Transactions

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It is Storehouse Advisory Group's policy that the firm will not affect any principal securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account.

### Agency Cross Transactions

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Storehouse Advisory Group will not conduct agency cross transactions between client accounts. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## Item 12 - Brokerage Practices

### Brokerage Recommendations

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All brokerage recommendations are based on the competitiveness of any fees charged to the client by the broker, as well as the broker's skills, execution, reputation, dependability and compatibility with the client. Such recommendation will never be based on any financial arrangement or agreement between Storehouse Advisory Group and the broker.

### Aggregation of Trades

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When doing so will not result in a delay in the processing of transactions, Storehouse Advisory Group will aggregate trades. Such aggregation of trades generally results in lower trading costs for the client.

### Directed Brokerage

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Clients may direct that trades be transacted through a specific broker. The trading costs and execution prices for such transactions can be less than favorable since trades cannot be aggregated with other trades.

### Research and Other Soft Money Benefits

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Storehouse Advisory Group does not accept any form of soft money benefit, financial or otherwise, from brokers, advisers or other parties.

## Item 13 - Review of Accounts

### Review Procedures

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Reviews for all client accounts are performed by Stephen R. Arnold in his capacity as the investment adviser. All accounts with values in excess of \$100,000 are reviewed weekly. All other accounts are reviewed on at least a quarterly basis, or more frequently as account statements are received from the

custodian or broker. Additional reviews are conducted upon any 10% change (up or down) in the valuation of the S&P 500 within a five trading-day window.

### **Statements**

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Storehouse Advisory Group does not prepare or provide regular reports for clients. Clients receive statements on at least a quarterly basis from their respective broker or custodian. In addition to a current listing and value of all assets held in the account, such statements include details of any and all trade activity on accounts, records of any interest, dividends or capital gains payments, and records of any payments to adviser for its Investment Advisory fees.

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

Storehouse Advisory Group does not compensate referring parties for referrals and does not receive compensation for referring clients or prospects to other professionals or organizations.

Storehouse Advisory Group, its employees and affiliated persons do not receive compensation from any third party for the investment advice provided to clients.

For purposes of this item, compensation is defined as any form of economic benefit.

### **Item 15 - Custody**

Storehouse Advisory Group does not maintain custody of client's assets. Consistent with the provisions outlined in Item 12 (Brokerage Practices), Storehouse Advisory Group may recommend a broker to maintain custody of client assets. Clients may elect to utilize the services of the recommended broker or may elect to choose a different broker or custodian.

## **Item 16 - Investment Discretion**

Storehouse Advisory Group does not obtain or exercise discretionary authority over client accounts. Storehouse Advisory Group only transacts trades with the prior written or oral authorization of the client.

## **Item 17 - Voting Client Securities**

As a matter of firm policy and practice, Storehouse Advisory Group does not accept authority to vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Upon request, Storehouse Advisory Group will advise clients relative to any proxies or solicitations they have received.

## **Item 18 - Financial Information**

Registered investment advisers are required to provide certain financial information or disclosures about their financial condition. Storehouse Advisory Group has no financial commitments that impair its ability to meet contractual and fiduciary commitments to clients. Neither Stephen R. Arnold or Storehouse Advisory Group have ever been the subject of a bankruptcy proceeding.

## **Item 19 - Requirements for State-Registered Advisers**

Stephen R Arnold is the only person providing investment advice. Born in 1966, Mr. Arnold graduated from Tusculum College in Greeneville, Tennessee in 1993 with a Bachelor's degree in Management.

From 1989 until 1998, Arnold was a Vice-President for two local banks, First Tennessee Bank and First American Bank. From 1998 until 2005, Arnold served as Finance Manager for Freightliner of Knoxville, Inc. In 2005, Arnold became General Manager and Investment Adviser Representative for Brogan Financial, Inc. In 2006, Arnold accepted a position as Registered Representative with Thrivent Financial for Lutherans.

Arnold established Storehouse Advisory Group in 2007, and operated until 2008 as both a Registered Representative, and as an Investment Adviser Representative for Capital Financial Services, Inc., an SEC-registered broker/dealer and investment adviser. In 2008, Arnold separated from Capital Financial Services, Inc. and registered Storehouse Advisory Group as an investment adviser with the Securities Division of the Tennessee Department of Commerce and Insurance.

## BROCHURE SUPPLEMENT

(Part 2B of Form ADV)

# Stephen R. Arnold Storehouse Advisory Group

12501 Coral Reef Circle

Knoxville, TN 37922

(865) 850-6529

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www.storehouseadvisors.com

December 31, 2021

### Item 1

This brochure supplement provides information about Stephen R. Arnold that supplements the Storehouse Advisory Group brochure. You should have received a copy of that brochure. Please contact Stephen R. Arnold, Compliance Officer, if you did not receive Storehouse Advisory Group's brochure or if you have any questions about the contents of this supplement.

Additional Information about Stephen R. Arnold (CRD #2912750) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Educational Background and Business Experience**

Stephen R Arnold is the only person providing investment advice. Born in 1966, Mr. Arnold graduated from Tusculum College in Greeneville, Tennessee in 1993 with a Bachelor's degree in Management.

From 1989 until 1998, Arnold was a Vice-President for two local banks, First Tennessee Bank and First American Bank. From 1998 until 2005, Arnold served as Finance Manager for Freightliner of Knoxville, Inc. In 2005, Arnold became General Manager and Investment Adviser Representative for Brogan Financial, Inc. In 2006, Arnold accepted a position as Registered Representative with Thrivent Financial for Lutherans.

Arnold established Storehouse Advisory Group in 2007, and operated until 2008 as both a Registered Representative, and as an Investment Adviser Representative for Capital Financial Services, Inc., an SEC-registered broker/dealer and investment adviser. In 2008, Arnold separated from Capital Financial Services, Inc. and registered Storehouse Advisory Group as an investment adviser with the Securities Division of the Tennessee Department of Commerce and Insurance.

## **Item 3 - Disciplinary Information**

Stephen R. Arnold has not been the subject of any disciplinary actions.

## **Item 4 - Other Business Activities**

In the context of financial planning, Stephen R. Arnold recommends and sells a variety of risk mitigation products including, life insurance, health insurance, long-term care insurance, Medigap policies and fixed annuities. Stephen R. Arnold receives a commission from the sale of these products. This practice gives Stephen R. Arnold an incentive to recommend investment products based on the commission received, rather than on the client's needs.

## **Item 5 - Additional Compensation**

Stephen R. Arnold does not receive any advisory-related economic benefit from non-clients.

## Item 6 - Supervision

Stephen R. Arnold serves as the Compliance Officer for Storehouse Advisory Group. As the Sole-Proprietor of Storehouse Advisory Group, and the only employee of the firm, Stephen R. Arnold is self-supervised. The Compliance Officer uses the Code of Ethics described in the firm's ADV Part 2A, Item 11, as well as ADV Part 2A, Items 8 (Methods of Analysis, Investment Strategies and Risk of Loss), 9 (Disciplinary Actions), 12 (Brokerage Practices), and 13 (Review of Accounts), as the basis for supervision of all investment advisory activity. Stephen R. Arnold may be reached at (865)850-6529 or at [steve@storehouseadvisors.com](mailto:steve@storehouseadvisors.com).

## Item 7 - Requirement for State-Registered Advisers

On December 20, 2017 a Consent Order was entered on behalf of the adviser/firm and the state of Tennessee. The order stipulated that registration for the adviser/firm was revoked on December 31, 2016 due to failure to renew and that the adviser/firm continued operating until May of 2017, when notice of revocation was received. A \$500 penalty was assessed by the State of Tennessee Department of Commerce and Insurance - Securities Division, and registration was re-instated effective January 1, 2018. Other than the aforementioned action, Stephen R. Arnold has not been found liable in any arbitration, civil, self-regulatory organization, or administrative proceeding claims. Additionally, Stephen R. Arnold has not been the subject of any bankruptcy petition.