

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

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This brochure provides information about the qualifications and business practices of NPV Advisory Services, LLC. If you have questions about the contents of this brochure, please contact us at 770-617-1036, and/or at lane@npvadvisory.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities Authority.

Additional information about NPV Advisory Services, LLC can be found on the SEC's website at www.adviserinfo.sec.gov.

NPV Advisory Services' registration as an investment adviser does not imply a certain level of skill or training. Please see Item 19 for this information.

Item 2 Material Changes

The only material change since the last publication is the addition of the toll-free fax number above

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Item 4 Advisory Business

NPV Advisory Services is a fee-only financial planning and investment advisory firm. We accept no commissions from investment product providers, broker/dealers, insurance companies or banks. We represent only the client.

The firm's principal and 100% owner, Lane Mullinax, has been providing investment, tax, estate, retirement, and other financial advice since 1986. You can see more about his educational background and experience under item 19 below.

Although this requisite brochure is being presented as a disclosure requirement of the investment advisory component of the total financial planning services we provide, it should be noted that the engagement with our client may, or may not, entail investment advice.

Given the financial planning process, and the importance placed on (1) adequate cash reserves, (2) the need for risk tolerance analysis, and (3) the need for other financial, risk, tax, and estate projections BEFORE making investment and other important financial decisions, the investment planning and advice component of what we do may not or may not be the driving force in what we recommend, depending on the scope of our engagement.

This emphasis on what we believe are "first things first" may differentiate the advice we provide, and should be considered before choosing us. All financial advice is not necessarily investment advice. Choices made in the areas of tax, budgeting, spending, business entity choice, other aspects of business planning, qualified retirement plan design, choice of ownership form, and other financial decisions may have as large an impact on financial success as investment advice alone. As a CFP Practitioner, we believe that investment advice should be done as part of this "bigger picture" approach.

With respect to investment advice, however, (1) keeping costs low (through the use of institutional shares, exchange traded funds, separately managed accounts and other no-load alternatives), (2) the removal of conflict of interest by refusing commissions, and (3) strategic asset allocation drive our investment recommendations.

The peer reviewed, academic, work involving Modern Portfolio Theory shows us that markets are efficient, and that correlations between asset classes (strategic asset allocation) are more important than market timing. (Fama, E. [1970b] "Efficient capital markets: A review of theory and empirical work," *Journal of Finance* 25, 383-417.).

This strategic asset allocation drives (is the basis of) the investment advisory work that we do. When we deviate from this method for making recommendations, it will be done with mutual agreement between us and our client(s) for the reason for doing so.

Further, our *due diligence* (providing our clients with the diligence that is due) regarding (1) quality and appropriateness of investment, (2) quality and appropriateness of custodian, (3) quality of the management of any pooled funds that we may recommend (such as mutual funds and separately managed accounts), and (4) investment performance, *along with proper application of portfolio strategy* (strategic asset allocation) to our client's time frame, risk tolerance, and objectives are where we add value, when it comes to the investment advisory service we provide.

Retirement plan participants will be treated with the same individuality, with the constraint that we will assume that the funds are being used for retirement purposes.

Where the retirement plan IS the client, the objectives become those of (1) providing the education needed for self-directed plan participants to make well informed decisions, (2) to provide the array of funds needed to satisfy the full range of risk tolerance (from the very conservative to the aggressive), and (3) in the case of defined benefit plans, providing the advice necessary for the plan sponsor to meet its funding and other fiduciary obligations (and of course the same due diligence described above applies as well).

Because we do not make discretionary trades or investment choices FOR our clients, our clients may, of course, impose restrictions on investing in certain securities or types of securities.

We do, however, reserve the right to end our contractual relationship if those constraints reasonably impair the chances for the client to meet their stated objectives, or are completely out of line with the risk assessments and other financial planning work done in preparing our portfolio recommendations.

Finally, with financial plan design, we specialize in Retirement Plan design, analysis and implementation, as well.

Mr. Mullinax, as a Chartered Retirement Plan Specialist, has the requisite knowledge to help business owners and managers design retirement plans to meet the company's objectives. A profit sharing plan with a vesting schedule may make the most sense when a company has high employee turnover. A cross tested (new parity) defined benefit plan may make the most sense when the owner is nearing retirement, needs tax deductions and has not done a good job of saving for retirement over the years. The classic 401(k) with an employer match may make sense when the employer wants to encourage and reward employees for helping themselves.

Just as with personal financial planning, plan design may be as important as the investment choices within the plan itself.

Item 5 Fees and Compensation

As a fee-only financial planning and advisory firm, we accept no commissions, no referral fees and no soft dollar research arrangements. We represent ONLY our clients, and are NOT part of a distribution channel for financial products.

We have no allegiance to any one custodian, and in fact will recommend various custodians, brokerage platforms and/or trust companies completely dependent on our client's objectives.

We will use only the lowest of cost, no-load mutual funds, separately managed accounts and individual securities in an effort to keep **total cost** below 1.5%, as a percentage of assets we recommend and monitor for our clients.

Fees will be charged in one or more of the following ways:

- \$150/ hour for financial planning, financial analysis, management consulting, or retirement plan design and analysis
- From a \$450 to \$2,500 flat fee for a written financial plan, depending on complexity and financial planning areas covered
- Flat fee of 1% of invested assets.*

* Our maximum fee is 1.00% of invested assets and may be negotiable. Depending upon client circumstances, frequency of reviews, and scope of advisory engagement, fees charged may be less than the maximum.

A typical scenario would be the use of no-load, low cost Exchange Traded Funds and Mutual Funds that average .25% cost plus advisory fees of .5% for a total client cost of .75% (75 basis points). This cost would be further lowered by the integration of individual securities (which carry no cost at the investment level), a matter of client taste.

Clients will bear the costs of commissions when investments are first made (because no-load funds and used this will only happen upon the purchase is individual securities) and when portfolios are adjusted. It is expected, however, that because no-load products are used there will be no transaction costs when portfolios are adjusted and that the small commissions for the selling and buying of individual securities at discount brokers used will be minimal ... both because strategic asset allocation is inherently a long-term strategy with low turnover AND because the absence of any management fees at the investment level for individual securities offsets any trading costs over time.

Every effort is made to use custodians that do not charge custodial fees. If we decide to use a custodian that charges fees, it will be done because we believe that there is a redeeming reason for using that particular custodian.

Clients may also bear the cost that some custodians charge for IRA and other tax advantaged accounts. Every effort is made, however, to avoid these costs unless there are redeeming values for using a particular IRA custodian.

Clients can either have their advisory fees deducted from the investment accounts or pay by other means. All billing is done in arrears, monthly. If, for example, an advisory contract is terminated mid-month, only two weeks (50% of what would have been charged) will be billed the following month.

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

NPV Advisory Services charges no performance fees – and additional fee based on profits - (largely a feature of the hedge fund industry), where performance fees have made many hedge fund managers among the wealthiest people in the world. Performance fees serve only to reduce clients' net returns. And side by side management fees only apply where a move from one product to another may cause a change in payout to the broker.

The study, *For Better or Worse? Mutual Funds in Side-by-Side Relationships with Hedge Funds*, (2006), <http://ssrn.com/abstract=905600> found that "conflicts of interest motivate side-by-side managers to strategically transfer performance from mutual funds to hedge funds."

This choice does not apply to our business model, where choices are made in a truly fiduciary arrangement, where we put our clients' interests first, and the advisory fee will not change from product to product.

Item 7 Types of Clients

NPV Advisory serves individuals, all business entities, trusts, and both qualified and non-qualified retirement plans.

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

Investment in securities involves the risk of loss. Strategic Asset Allocation, as mentioned above, however, provides a way to take a relatively aggressive (capital markets) approach to investing while managing the risk through the known negative correlations among the various asset classes (small capitalization stocks, international stocks, large capitalization stocks, the various bond classes and other classes such as utilities and real estate).

Further, risk is managed through the appropriate matching of asset class with time horizon. For cash reserves and emergency funds, we believe that only cash equivalents are appropriate. As time frames for the various financial planning goals extend in time, a more aggressive capital market based portfolio becomes appropriate.

As one gets closer to the time where assets may be needed, however, we believe that those assets should be moved to cash equivalents. This "buckets of money" approach can allow for the continued use of market driven assets for the long term assets that will not be needed, say, far into the retirement period, to be invested in a way that allows for maximized return, while moving money needed in the near term, the next one to three years for example, to be placed into the appropriate asset class (cash and cash equivalents), thereby protecting those assets from being distributed at a time when the capital markets may be temporarily "down."

Item 9 Disciplinary Information

Mr. Mullinax worked in the securities industry continually from 1986 until 2010 and has never had a complaint or a reporting event.

Item 10 Other Financial Industry Activities and Affiliations

NPV Advisory has no other financial industry activities or affiliations. We take no compensation from other investment managers or custodians we may recommend. We represent only our clients, and do so full time.

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

Our code of ethics is simple. We put clients' interests first. We gladly accept the legal definition of fiduciary and operate as such for our clients. Black's Law Dictionary defines a fiduciary as follows: "A person who is required to act for the benefit of another person on all matters within the scope of their relationship; one who owes to another the duties of good faith, trust, confidence, and candor." FIDUCIARY, Black's Law Dictionary (9th ed. 2009), fiduciary.

In order to facilitate our fiduciary obligations, we take no interest in, compensation from, and effect no personal trading in, the investment accounts of our clients.

Item 12 Brokerage Practices

We do not accept what the industry calls soft dollars (research services provided that might be provided to brokers by commissions or commission adjustments). We will help clients choose custodian and brokerage platforms based on clients' specific needs, and will accept no compensation from them in any form, including referrals.

Again, a truly fiduciary practice has no allegiance to any one, or any one set, of custodians, trust companies, banks or brokerage platforms. The appropriateness of one over the other will be driven by each client's respective situation and goals.

We do not aggregate accounts, or do separate reporting from the reporting done by the client's custodian.

Further, we do not believe that NOT aggregating represents a cost, when adhering to modern portfolio theory (inherently a long term – low frequency of trade – approach), and when discount brokerage platforms and use of no-load and institutional class funds already keeps transaction costs low to non-existent.

Item 13 Review of Accounts

We strongly urge clients to review financial plans annually. Cost, as mentioned above, will depend on complexity of the plan, the scope of financial planning areas covered, and client's payment preferences.

We will review accounts and plans as close to the yearly anniversary of the initial investment and/or plan as the client can accommodate, upon client request, upon a change in market or economic conditions that we believe warrants a review, and finally, as codified in any financial plan - where time frames or expected life changes, such as retirement or the birth of a new family member are noted as a trigger for review.

Item 14 *Client Referrals and Other Compensation*

Although we will accept referrals from clients to other potential clients, we will assume this is a product of the knowledge and other value we provide.

We do not compensate in any way for referrals. As we are fee-only, we are selling nothing but our service and ability, and work only for the client. Sales awards and other such prizes do not apply in this business model, and would not be accepted if they were somehow offered.

Item 15 *Custody*

We do not take custody of client assets in any form.

Only third party custodians, such as discount brokerage platforms, trust companies, and in the case of qualified plans, third party administrators and their respective custodians are used, and already provide the wide range of services needed to accommodate our clients' differing needs AND already provide the economies of scale to keep costs at a minimum.

Item 16 Investment Discretion

We do not trade or invest with discretion. This is why we use the term investments recommended and monitored. Only clients may authorize trades and initial investments based on our financial planning and strategic asset allocation based recommendations.

We believe that the terminology “Assets Under Management” can be misleading, especially in the case where an adviser is recommending a fund that already has a manager or managers. In some cases this terminology causes over commitment by advisers and false expectation by clients. (When, for example, the day to day, minute to minute, management is being done by a chosen fund’s managers, not the adviser.)

Each custodian will provide the necessary limited power of attorney (sometimes called limited trading authority) to facilitate our making investments on behalf of our clients. Again, this is done only after recommendations have been made and the client has understanding of the rationale and timing of the investment or change in investment, and has provided this authorization.

The most common trades will be (1) the initial investment, (2) to facilitate a rebalancing of an asset allocation, or (3) to facilitate a change brought on by a change in the client’s objectives, time frame, or some other triggering event (all done only after client has authorized).

Item 17 Voting *Client* Securities

We do not vote clients’ securities.

The various custodians will deliver proxy solicitations, notice of annual shareholder meetings and other shareholder communication to the client’s address of record as per the policy outlined in their respective account agreements.

Item 18 Financial Information

As we do not charge in advance, and do not take custody of funds we are not required to publish the firm’s financials.

Item 19 Requirements for State-Registered Advisers

The firm's principal, and only owner is K. Lane Mullinax. Lane holds JD (Jurist doctorate), MBA (with a specialization in Finance) and BBA degrees. He also holds the Certified Financial Planner (CFP) and Chartered Retirement Plans Specialist (CRPS) designations.

Lane worked continuously in the financial services field from 1986 until 2010, returned to law school in 2010 and recently acquired the Juris Doctorate degree - with electives in Business Planning, Corporate Law, Estate law, and Federal Income and Estate taxation, in order to become a better financial planner, provide a more knowledgeable service, and help select, and facilitate communication with other professionals, (a key competency for the Financial Planning practitioner).