

# Chamberlain Consulting Group, LLC

## Part 2A of Form ADV

### The Brochure

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This Brochure provides information about the qualifications and business practices of Chamberlain Consulting Group, LLC (“Chamberlain” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at (949) 553-0313. 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. Chamberlain is registered with the SEC as an Investment Adviser. SEC registration does not imply any particular level of skill or training.

Additional information about Chamberlain is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

Since the initial brochure published in March 2013, Chamberlain's investment personnel terminated their investment advisory representative (advisor) and registered representative (broker) associations with Girard Securities, Inc and became associated with Spire Wealth Management, LLC an SEC registered investment adviser and Spire Securities, LLC an SEC registered broker-dealer firm. See Item 5-Fees and Compensation, and Item 10 - Other Financial Industry Activities and Affiliations for more information.

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## **Item 4. Advisory Business**

Chamberlain is a California limited liability company founded in 1998 and owned by Michael J. Kiley. The Firm provides financial advisory services primarily to business owners, and high net worth individuals and their families. Chamberlain specializes in the following types of wealth management services which are tailored to each client's unique needs and objectives:

### **Investment Advisory Services**

Chamberlain provides personalized investment advice with respect to the coordination of a client's entire investment portfolio. The investment process begins by exploring every client's investment philosophy and goals, risk temperament, financial resources and performance expectations. Chamberlain continuously researches the investment landscape by assessing various strategies, benchmarking performance and suitability, measuring fee and tax erosion, and developing responses to change. Key elements of Chamberlain's investment consulting services include:

- Investment Portfolio Design and Implementation
- Investment and Insurance Integration Analysis
- Investment and Strategy Review
- Risk Management
- Third-Party Investment Manager Research, Monitoring, and Due Diligence
- Performance Measurement and Attribution
- Tax Management

In implementing investment advice, Chamberlain may recommend that clients engage a third party investment manager on a separate account basis, and may also recommend investments in mutual funds, ETFs, fixed income securities, and alternative investments such as privately offered investment funds. Chamberlain's investment advice is tailored to each client's individual needs and objectives. Clients may engage Chamberlain to provide advice on a discretionary or non-discretionary basis. Discretionary account clients may impose reasonable restrictions on investing in certain securities or types of securities. Please refer to the "*Fees and Compensation*" section (Item 5) below for more information on the various platforms Chamberlain uses to implement its investment advice.

### **Estate Planning**

Chamberlain provides comprehensive estate planning services covering all areas of planning for the preservation and disposition of family wealth. The Firm utilizes sophisticated tax, trust, legal, accounting and funding strategies to enhance the client's ability to preserve, expand, manage, transfer, and distribute multigenerational assets. Chamberlain works alongside clients' other planning professionals, such as accountants, attorneys, and investment advisors, to formulate recommendations.

Chamberlain advises clients on ways to help minimize tax erosion on multigenerational wealth, preserve family capital for generations, grow the value and maintain control of family and business assets, share prosperity with the larger community, and perpetrate principles and beliefs as a family legacy. Services include advice on the following:

- Estate Tax Liability Funding
- Asset Protection
- Financial Planning
- Strategic Philanthropy

### **Private Investment Partnerships**

Chamberlain provides investment advice with respect to unaffiliated privately offered pooled investment vehicles that invest in alternative asset classes such as real estate, private equity and various other types of investments and securities.

In addition, Chamberlain serves as investment adviser to Blue Ocean Development Fund, LP (“Blue Ocean” or “Fund”), a privately offered Delaware limited partnership that makes opportunistic investments in real estate located in Panama, Costa Rica and Mexico. The rights and obligations of limited partners in Blue Ocean are more fully described in the offering and governing documents for the Fund. This description of Blue Ocean is qualified in its entirety by the more complete information set forth in the offering documents for the Fund. Chamberlain may provide advisory services to other pooled investment vehicles in the future.

Chamberlain may offer investment advice to one or more advisory clients regarding the advisability of a potential investment in Blue Ocean (or other private investment fund managed or advised in the future by Chamberlain). Chamberlain has a financial incentive to recommend that clients invest in Blue Ocean and faces a conflict of interest relating thereto. To address this conflict, the Firm provides full and fair disclosure to clients.

### **Other Non-Investment Advisory Service**

Chamberlain, through an affiliated entity, provides other non-investment advisory services, which include analysis and insight about the current business, economic, and tax environment, insurance advice and due diligence, and business succession planning for clients that own closely-held companies. The Firm’s non-investment advisory services include:

#### *Executive Benefit Planning*

- Long Term Incentive Plans
- Deferred Compensation
- Supplemental Retirement
- Pension, Profit-Sharing, 401(k), Cash Balance

#### *Succession Planning*

- Estate Tax Liability Funding
- Buy/Sell Funding
- Estate Equalization Planning

#### *Insurance Planning*

- Life Insurance Portfolio Design
- Proprietary Insurance Products
- Insurance Portfolio Administration and Reporting
- Insurance Consulting

*Captive Insurance Company Advisory Services*

- Alternative Risk Mitigation
- Captive Optimization
- Asset Management

As of December 31, 2012, Chamberlain had \$35,407,397 in regulatory assets under management.

## **Item 5. Fees and Compensation**

Chamberlain is compensated for investment advisory services in the following manner:

### **Chamberlain Investment Adviser Contract**

Clients entering into an investment advisory agreement with Chamberlain will compensate the Firm based on a negotiated rate which will vary depending upon the nature and scope of services to be provided. Chamberlain's advisory fee arrangements are stated in each client's investment advisory agreement and will generally range from 0.20% to 2.50% of the client's assets under management.

The fee is calculated quarterly based on the market value of the client's assets as reported by the client's custodian as of the last business day of each calendar quarter for which it is calculated. Clients will be billed quarterly after services have been rendered and payment is due upon receipt of the bill. With the approval of the client, this fee may be withdrawn directly from the client's investment account(s).

The fees charged by Chamberlain are in addition to any applicable fee charged by those managing and administering the underlying investments, such as mutual fund managers, separate account managers, private partnership managers, sponsors of exchange traded funds, custodians, and other service providers. To the extent that client accounts are invested in mutual funds including money market funds, or private investment funds, these funds pay a separate layer of management, trading, and administrative expenses. In addition, clients will generally bear trade execution costs and custodial fees.

In addition, Chamberlain may be requested by a client to provide an analysis on assets outside of the client's currently managed portfolio. This service will generally be provided at a rate of \$250.00 per hour.

### **Chamberlain in Coordination with Spire Wealth Management, LLC and Spire Securities, LLC**

Chamberlain and its investment personnel have material business arrangements with Spire Wealth Management, LLC ("Spire"), an SEC registered investment adviser and Spire Securities, LLC ("Spire Securities"), an SEC registered broker-dealer firm and an affiliate of Spire. Chamberlain's CEO, Michael Kiley, and a Financial Advisor, Kevin Murphy are registered representatives (brokers) of Spire Securities and investment advisory representatives (advisors) of Spire. Clients may enter into investment advisory agreements with Spire, whereby Mr. Kiley and/or Mr. Murphy provide investment advice in their capacity as investment adviser representatives of Spire, under the supervision of Spire ("Spire Agreement"). Such clients will receive a copy of Spire's regulatory disclosure brochure and will compensate Spire directly for its investment advisory services pursuant to the terms of the Spire Agreement. Under the Spire Agreement, Mr. Kiley or Mr. Murphy is designated as a Consultant or Advisor, and advises clients on the selection and retention of securities or third party investment managers ("Manager(s)") that are available through Spire's various investment advisory options. Mr. Kiley or Mr. Murphy monitors clients' portfolios and provides comprehensive performance evaluations of the clients' investment accounts. Based on the performance evaluations and other results of the portfolio

monitoring efforts, Mr. Kiley or Mr. Murphy may recommend that clients alter their portfolio holdings and/or the investment managers used.

Clients will compensate Spire for investment advice based on a negotiated rate which will vary depending upon the nature and scope of services to be provided. Spire's compensation for investment advisory services will be set forth in the Spire Agreement. Clients will pay all applicable advisory or consulting fees to Spire, along with any other associated program fees for administrative services, such as custody, clearing, execution of transactions, and confirmations of activity and regular account statements. Mr. Kiley and Mr. Murphy are compensated directly by Spire for their services as investment advisory representatives of Spire.

In addition, clients who engage a Manager for portfolio management services under the Spire Agreement will enter into a separate investment management agreement with the Manager, and the Manager will charge separately for its day-to-day management of the client's account.

Information regarding Spire's and any Manager's fee schedules, the negotiability of their fees, and the manner in which such fees are charged are disclosed in Spire's and the Manager's regulatory disclosure brochures, which are provided to clients at or before the establishment of the contract.

Although it is rare, Mr. Kiley or Mr. Murphy may earn a brokerage commission or other sales-related compensation on securities transactions that are executed through Spire Securities. This practice presents a conflict of interest and gives Chamberlain's employees an incentive to recommend investment products based on the compensation received, rather than on a client's needs. However, if such transaction based compensation is received by Chamberlain's employees, the applicable Chamberlain investment advisory fee will be offset by the amount of commissions and/or other fees generated by the applicable assets and received by Chamberlain. Credit balances are carried forward and applied to future advisory fees but do not create an obligation for the Company to pay any credit balances in cash or to continue providing advisory services. This credit will not apply to transactions for which applicable laws or regulations prohibit such credits. State insurance laws prohibit rebates on certain insurance products and FINRA rules may prohibit such credits on certain types of securities. Clients have the option to purchase investment products that Chamberlain recommends through other brokers or agents that are not affiliated with the Firm.

### **Chamberlain in Coordination with Other Third-Party Investment Advisers**

Chamberlain also has arrangements with other third-party investment advisers that are not affiliated or associated with Chamberlain or any of its employees. Currently, Chamberlain recommends various investment advisory programs offered by Lockwood Advisors, Inc. ("Lockwood"), an SEC registered investment adviser, and Charles Schwab and Company, Inc. ("Schwab"), an SEC registered investment adviser and broker dealer firm ("Third-Party Adviser Platforms"). When deemed an appropriate match for a particular client's needs and objectives, Chamberlain will recommend an investment program offered through a Third-Party Adviser Platform. In such case, clients will enter into an investment advisory agreement with Lockwood or Schwab and will receive a copy of the respective adviser's regulatory disclosure brochure in addition to this Brochure.

Under the Lockwood and Schwab arrangements, Chamberlain is designated as a Consultant and advises clients on the selection of independent investment management firms and securities that are available through the Third-Party Adviser Platforms. In the role as Consultant, Chamberlain monitors the clients' portfolios and provides a comprehensive performance evaluation of the clients' accounts. Based on the performance evaluations and other results of the Firm's portfolio monitoring efforts, Chamberlain may make recommendations that clients alter their portfolio holdings and/or the investment managers used.

Chamberlain's consulting fee is negotiable and will vary depending upon the nature and scope of services to be provided. The fee will be reflected in a written agreement and will generally range from 0.20% to 2.50% of the client's assets under management. Chamberlain's consulting fee is in addition to any other advisory, administrative, clearing, custody, and consulting fees that are associated with the particular investment advisory program selected by the client. All fees are collected by the Third-Party Adviser Platform. The frequency and manner in which the fees are charged are disclosed in Lockwood's and Schwab's regulatory disclosure brochure. Chamberlain will receive its portion of the fees collected for consulting services from the Third-Party Adviser Platform. Clients do not remit payment directly to Chamberlain for consulting services.

### **Referral Arrangements**

Chamberlain has referral arrangements with other third-party investment advisers that provide discretionary investment management of clients' portfolios. Under these arrangements, Chamberlain recommends independent investment managers that the Firm believes could best achieve a client's investment objectives. Chamberlain monitors clients' portfolios and provides ongoing consulting and administrative services to clients.

Clients will enter into a separate investment management agreement with the investment manager and will pay management fees that are independently determined and assessed by the investment manager. Chamberlain receives a portion of the management fee paid by the client to the investment manager as compensation for the referral. The portion of the fee collected from the investment manager is offset against the client's investment advisory fee that would otherwise be due to Chamberlain as compensation for Chamberlain's investment advisory service. The percentage of the clients' management fee that Chamberlain receives varies and is disclosed to clients at the time the referral is made. In the event a client terminates the services of Chamberlain but continues using the services of the investment manager, the referral fee may still be paid to Chamberlain, pursuant to a solicitation agreement between Chamberlain and the investment manager.

### **Private Investment Partnerships**

With respect to Blue Ocean, the Fund pays Chamberlain an annual advisory fee, quarterly in advance, equal to 1.0% of the aggregate capital commitments to the Fund during the investment period, and after the expiration of the investment period, a fee equal to 1.0% of (i) the aggregate paid-in capital less (ii) distributions constituting returns of capital, until the final liquidation and winding up of the Fund. Chamberlain may also receive additional fees based upon services provided to the Fund by Mr. Michael Kiley; such additional fees may vary subject to the Fund's performance and are described in detail in the Fund's offering and governing documents. Because Chamberlain and Mr. Kiley have a financial interest in Blue Ocean, the Firm has a financial incentive to recommend that clients invest in Blue Ocean and faces conflicts of interest relating thereto. To address this conflict, Chamberlain provides full and fair disclosure to clients regarding the conflicts and the associated fees.

With respect to unaffiliated privately offered pooled investment vehicles (private funds), Chamberlain's employees will provide investment advice in their roles as employees of Chamberlain.

### **Other Non-Investment Advisory Services**

Chamberlain's employees may also provide advice regarding certain insurance products, such as variable and fixed annuities, life insurance and disability insurance. Such advice will be provided through an affiliated entity of Chamberlain and should not be considered to be investment advice provided by the



Firm. Chamberlain does not assess an investment advisory fee for advice regarding insurance; however, clients who purchase insurance products through the Firm's affiliated entity will pay the normal fees and expenses associated with the insurance products. Certain of Chamberlain's associated persons are licensed insurance agents. As such, those individuals receive compensation from the sale of the insurance products to clients.

### **Termination**

Each client contract generally is open-ended with no specific termination date. Either a client or the Firm may terminate an investment advisory contract at any time by written notice of cancellation. Any unearned advisory fees that were prepaid will be refunded, and any outstanding fees for service rendered to the effective date of termination, shall be due and are payable in full.

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

Chamberlain does not charge advisory fees based on a share of the capital gains or capital appreciation of the funds or securities in a client's account (so called performance-based fees).

However, with respect to Blue Ocean, Chamberlain is entitled to receive fees for certain non-investment advisory services provided to the Fund by Mr. Michael Kiley, which amounts will vary subject to the Fund's performance. Chamberlain is entitled to receive reimbursement for Mr. Kiley's time spent on Fund administrative matters at an hourly rate of \$500 ("Reimbursement Amount"). The Reimbursement Amount will be paid by the Fund only after the limited partners have received a 20% IRR distribution. In the event the limited partners receive a 25% IRR distribution, the Fund will pay Chamberlain an additional fee equal to 200% of the Reimbursement Amount; and in the event the Limited Partners receive a 30% IRR distribution, the Fund will pay to Chamberlain an additional fee equal to 300% of the Reimbursement Amount. Such arrangement is described in the Fund's offering and organizational documents.

The fact that Chamberlain may receive compensation that is based in part on the investment profits of Blue Ocean may create an incentive for Chamberlain to make investment recommendations to Blue Ocean that are riskier or more speculative than would be the case in the absence of such compensation.

Although most clients are not charged a performance-based fee, Chamberlain has an incentive to favor a client from which it receives performance-based compensation. In no instance will any client paying performance-based compensation receive preferential treatment over clients not paying performance-based compensation. As a fiduciary, Chamberlain recognizes its duty to act in good faith and with fairness in all of our dealings with all clients.

## **Item 7. Types of Clients**

Chamberlain provides customized investment advisory services to high net worth individuals and associated trusts, estates, retirement plans, or charitable organizations, and other corporations or business entities. Chamberlain also provides investment advice to Blue Ocean, a privately offered pooled investment vehicle that offered to persons who are "accredited investors" as defined under Regulation D

of the Securities Act of 1933 (the "Securities Act") and "Qualified Clients," as defined in Rule 205-3 under the Investment Advisers Act of 1940 (the "Advisers Act").

Chamberlain does not impose any minimum account size or other conditions for managing accounts.

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

Chamberlain is an investment adviser that follows a fundamental, value oriented philosophy in determining the investment advice for clients. Chamberlain believes that valuation drives investor return and looks for investments that it believes are undervalued, unpopular, or part of an underused asset class. Chamberlain evaluates various qualitative and quantitative factors that can affect an investment's value, including but not limited to:

- Current value versus its historical value
- Relative value of current asset classes
- Qualitative measures – unpopularity of an asset class is a clue that it might be undervalued, seeing pension funds invest in an asset class suggests that it is or soon will be overpriced

Chamberlain has formed an Investment Committee whose role, in part, is to evaluate and monitor potential investment opportunities using various valuation metrics that are derived from our proprietary investment analysis, as well as from the views of outside market experts, and the market's current positioning in the historical market cycle. In making its investment recommendations, Chamberlain will rely on internally generated research, as well as research and other information prepared by Lockwood, Schwab, Morningstar, Inc., various investment manager databases, and other industry sources.

In identifying third-party investment managers or alternative investment vehicles that may be appropriate for clients, Chamberlain relies on the above mentioned sources of information as well as a proprietary screening process to evaluate each investment option. Chamberlain regularly evaluates investment managers and investment vehicles to form the basis for whether or not we will recommend or continue to recommend such investment manager or investment option. The Firm's analysis includes the following:

### **Screening for Candidates**

- Outperforming managers across a full market cycle (5 years or more)

### **Document Collection and Analysis**

- Raw material to assess potential beyond the performance record

### **Seeking a Sustainable Investment "Edge"**

- What unique way can this manager add value above the market index?
- Alignment of manager and client motivation
- Health and structure of firm

### **Operational Due Diligence**

- Review of manager's business to help prevent fraud
- Meetings with investment team

### **Investment Committee Review and Approval**

- Assess all factors in group meeting

## Review and Terminate Managers

- Review of long-term performance, firm stability, outlook for future returns

## Risk of Loss

It is important to remember that all investments carry at least some degree of risk, which may include loss of some, or even all, of your investment. No particular type of investment, or approach to investing, is guaranteed to perform well, and there may be other investment vehicles, investment managers or approaches not recommended by Chamberlain that may perform as well or better. Clients should consider these factors carefully before deciding to invest. The main risks associated with Chamberlain's investment strategies or methods of analysis are described below.

*Market Conditions* – The prices of, and the income generated by, the securities owned by clients may decline due to market conditions and other factors, including those directly involving the issuers of securities held by clients. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

*Value Investing* – The identification of securities and other assets believed to be undervalued is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. Furthermore, clients may be forced to hold such investments for a substantial period of time before realizing any anticipated value.

*Identifying Appropriate Third Party Investment Managers* – In order for Chamberlain to meet clients' investment objectives, it must be able to successfully identify third party investment managers that will deliver strong investment results, a process which is difficult even for those with extensive investing experience. Clients must rely on the ability of Chamberlain's investment professionals to identify successful third party investment managers. If Chamberlain is unable to identify and recommend successful investment managers, investors may lose all or a portion of their investments.

*Lack of Control of Third Party Managers* – Chamberlain will not have a direct role in the management of clients' assets that have been allocated to third party investment managers and will likely not have the opportunity to evaluate in advance the specific investments made by any third party manager. As a result, a client's investment results will primarily depend upon the choice of investments and other investment management decisions of third party managers. Investment returns could be adversely affected by unfavorable performance of such managers. Further, Chamberlain depends on third party managers to develop the appropriate systems and procedures to control operational risks. Operational risks arising from mistakes made in the confirmation or settlement of transactions, or other similar disruption in operations may cause the client portfolios to suffer financial losses.

*Alternative Investments Products* – Alternative investments or derivatives are often more volatile than other investments and may magnify the vehicle's gains and losses. A derivative is a security or contract (futures, options etc.) the value of which fluctuates with the value of another security (i.e., its value is "derived" from the value of another). An example would be a call option on a stock. The value of the option depends, in part, on the price of the stock. An investment vehicle that uses derivatives could be negatively affected if the change in market value of its securities fails to correspond as expected to the underlying securities. Clients should have a long-term investment horizon if they are considering these types of investments.

Alternative investment products are not for everyone and entail risks that are different from more traditional investments. Alternative investment strategies are intended for sophisticated investors and involve a high degree of risk, including, among other things, the risks inherent in investing in securities

and derivatives, using leverage, and engaging in short sales. An investment in an alternative investment product or strategy is speculative and should not constitute a complete investment program. Diversification and strategic asset allocation do not assure a profit or protect against loss in declining markets.

*Liquidity Issues* – Chamberlain will recommend that certain clients invest in private investment vehicles that are not traded in any market or exchange and are not otherwise transferable. Such clients will not be able to withdraw capital from the investment. Clients should be prepared to bear the economic risk of such investment for an indefinite period of time, since such investments may not be resold.

## **Item 9. Disciplinary Information**

Chamberlain and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of our firm or our employees.

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

### **Spire Securities**

As disclosed in the “*Fees and Compensation*” section (Item 5) of this Brochure, Chamberlain's principal, Michael J. Kiley, as well as Kevin M. Murphy are registered representatives of Spire Securities and will receive sales-based compensation with respect to securities transactions that are executed through Spire Securities. In addition, Spire Securities performs due diligence and has entered into sales distribution agreements with various privately offered investment partnerships that Chamberlain recommends to clients. Depending on the terms of those distribution agreements, Mr. Kiley and Mr. Murphy may receive commissions for selling such private investment partnerships to clients. When employees sell securities in their capacity as registered representatives of Spire Securities, their association and the resulting conflicts of interest are clearly disclosed to clients. Any sales based compensation received by employees will be credited towards the applicable Chamberlain investment advisory fee.

### **Chamberlain Group Insurance Services, LLC**

Michael J. Kiley is the Owner and President of Chamberlain Financial and Insurance Services, LLC (“Chamberlain Insurance”), a company engaged in the business of selling annuities, life, and disability insurance. Mr. Kiley and several of Chamberlain's employees are licensed insurance agents through Chamberlain Insurance. Clients who are interested in insurance products will be directed to Chamberlain Insurance for advice and recommendations regarding their insurance needs. Clients are under no obligation to act upon the recommendations of Chamberlain or Chamberlain Insurance and, if they do so, they are under no obligation to implement any such recommendations through Chamberlain Insurance. If a client decides to buy insurance through Chamberlain Insurance, the client will pay the normal fees and expenses associated with the insurance products. Chamberlain Insurance and the Chamberlain employee assisting the client will receive compensation in connection with those transactions. Chamberlain does not assess an investment advisory fee for advice regarding insurance, but does have a conflict of interest when providing insurance-related advice, since its employees have a financial incentive to recommend insurance products over other forms of investment vehicles.

### **Referral Arrangements**

As discussed in the “*Fees and Compensation*” section of this Brochure (Item 5), Chamberlain will recommend the advisory services of unaffiliated investment managers when it believes those investment

managers could best achieve a client's investment objectives. Chamberlain has a conflict of interest in recommending investment managers that compensate the Firm for client referrals. However, Chamberlain believes the conflict is mitigated due to the fact that Chamberlain will credit the referral fee received from an investment manager against the client's investment advisory fee. Such fee offset will ensure that Chamberlain does not receive additional compensation as a result of the referral.

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

### **Code of Ethics**

Chamberlain has adopted a Code of Ethics which expresses the Firm's operating principles of integrity, honesty and fiduciary duties that it owes to clients. The Code of Ethics sets forth a standard of business conduct expected of all our employees, as well as policies and procedures that each employee must follow to prevent activities which may lead to or give the appearance of conflicts of interest, insider trading, and other forms of prohibited or unethical business conduct.

Employees may buy or sell for their personal accounts securities identical to or different from those recommended to clients. In addition, employees may have an interest or position in certain securities which they may also recommend to clients. To mitigate potential conflicts of interests, Employees are required to pre-clear certain of their personal securities transactions, such as investments in private placements, with a Compliance Officer. Approval may be granted on a case-by-case basis, subject to a review of conflicts of interest by a Compliance Officer. If the possibility of a conflict of interest occurs, the client's interest will prevail. Chamberlain will always give priority to clients' interests over the personal interests of an employee. Regardless of whether employees' securities transactions were pre-approved, all employees are required to report to a Compliance Officer their personal securities transactions on a quarterly basis, and to provide a detailed list of their personal securities holdings initially upon commencement of employment and annually thereafter. Chamberlain's Compliance Officer reviews these submissions for the purpose of monitoring for conflicts of interest.

Chamberlain's Code of Ethics is available for review upon request.

### **Financial Interest in Client Recommendations**

As disclosed in the "*Advisory Business*" section of this Brochure (Item 4), Chamberlain serves as investment adviser to Blue Ocean, and when appropriate, Chamberlain recommends that clients purchase an interest in Blue Ocean. Chamberlain has a conflict of interest in recommending Blue Ocean because it had a financial incentive to recommend this investment. To address this conflict, the Firm provides full and fair disclosure to clients and does not charge an investment advisory fee with respect to a client's investment in Blue Ocean.

## **Item 12. Brokerage Practices**

Chamberlain generally does not have discretion to select brokers for client accounts, but may suggest brokers based on the nature and extent of the advisory services that the Firm recommends to clients.

Clients of Spire direct, through the Spire Agreement, that Chamberlain effect all securities transactions through Spire Securities. Spire Securities will receive commissions in connection with those transactions and the applicable Chamberlain employee, acting as a registered representative of Spire Securities, will

receive a part of those commissions. The amount of the commissions on securities transactions will not exceed what is considered fair and reasonable in accordance with industry rules of fair practice and will typically be disclosed in the offering materials or confirmations provided to clients. The percentages of the commissions earned by the employees of Chamberlain will be determined by the management of Spire Securities. For transactions executed through Spire Securities, Chamberlain may on occasion discount the commission that the client will pay for such transactions. Nevertheless, the brokerage commissions charged may be higher than the commissions charged to Chamberlain's other clients that do not direct securities transactions through Spire Securities.

For clients participating in one of Lockwood's investment advisory programs, securities transactions are generally executed through Pershing, LLC ("Pershing"), an affiliate of Lockwood, although comparable brokerage services may be available elsewhere for more or less cost to clients.

For clients participating in one of Schwab's investment advisory programs, securities transactions are generally executed through Schwab, although comparable brokerage services may be available elsewhere for more or less cost to clients.

For those clients who do not already have a relationship with a broker-dealer or custodian, Chamberlain will generally recommend the use of Pershing or Schwab for brokerage execution and custodian purposes. In suggesting these brokers, Chamberlain considers a number of factors, including reputation, efficiency of execution, on-line access to computerized data regarding clients' accounts, research and other matters involved in the receipt of brokerage services generally. The Firm does not enter into any formal soft dollar or other similar arrangements with these broker-dealers nor does it consider the receipt of client referrals as a factor in recommending these broker-dealers. However, the receipt of proprietary research is a factor that Chamberlain considers in recommending Pershing or Schwab to clients for custody and brokerage services. In some cases, Pershing or Schwab may charge marginally higher commissions or execution fees than other brokers who do not provide Chamberlain with research services. Chamberlain will use research from Pershing, Lockwood, or Schwab to service all or some substantial number of clients' accounts, including accounts not maintained at Pershing or Schwab. In addition to investment research, these brokers make available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- provide pricing and other market data;
- facilitate payment of fees from clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

The receipt of these services is a benefit to Chamberlain, because it is relieved from having to generate such additional information or service through its own staff. To the extent that brokers provide services of value, Chamberlain is relieved of expenses, which it may otherwise bear. Therefore, Chamberlain has an incentive to recommend brokers based on its interest in receiving these services, rather than on a client's interest in receiving lower transaction costs or fees. Chamberlain addresses this conflict of interest by periodically reviewing and assessing the reasonableness of commissions and fees paid in light of the total brokerage and research services provided by each particular broker-dealer.

As disclosed in the "*Advisory Business*" section of this Brochure (Item 4), Chamberlain may recommend that clients engage one or more unaffiliated third party investment managers to manage components of a client's overall portfolio. In such cases, the third party investment manager is solely responsible for broker selection and the commission rates paid with respect to the portion of the client's portfolio under the third party manager's investment supervision.

Due to the nature of the Chamberlain's advisory business, the Firm does not generally aggregate transactions for multiple client accounts.

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

Chamberlain's CEO, Michael J. Kiley, and Kevin M. Murphy review each client account at least monthly with the assistance of Chamberlain's professional investment staff. The nature and level of the review is determined by the individual client's needs and/or the Firm's discretion. In addition, Chamberlain will attempt to hold quarterly meetings or teleconferences with clients to review the composition and performance of their accounts, and to review each client's investment objectives to determine whether the investment strategy should be modified to meet the client's needs.

Factors triggering additional reviews, and perhaps triggering buy or sell recommendations, include changes in a client's circumstances; changes in the general conditions of the stock and bond markets; changes in the economy; changes in mutual funds or individuals securities owned by clients; changes in third party investment managers; and changes in available investment opportunities.

Chamberlain provides each client with a quarterly performance report that shows their historical account performance compared to relevant indices. Clients also receive account statements directly from the account's custodian, at least quarterly, that detail the portfolio holdings and securities transactions made in the account. Clients should compare the statements they received from their custodian with those provided by Chamberlain.

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

The "*Advisory Business*" and "*Fees and Compensation*" sections above (Items 4 and 5) provide details regarding the arrangements where Chamberlain is compensated by someone other than a client in connection with providing advisory services to clients. A brief summary of these arrangements follow:

- Chamberlain has referral arrangements with third-party investment advisers that provide portfolio management services for clients. Under these arrangements, Chamberlain recommends an independent investment manager that it believes could best achieve a client's investment objectives. Chamberlain receives a portion of the management fee paid by the client to the investment manager as compensation for the referral.
- Mr. Kiley and Mr. Murphy are associated with Spire as investment advisory representatives and Spire Securities as registered representatives. Under these arrangements, Spire and Spire Securities compensate the applicable Chamberlain employee for providing investment advice and for selling investment products.

Chamberlain does not compensate any unaffiliated person for client referrals.

## **Item 15. Custody**

Chamberlain previously disclosed in the "*Fees and Compensation*" section (Item 5) of this Brochure that clients may authorize the Firm to directly withdraw their advisory fees from their custodial accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from

that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things and compare these statements to any account information that Chamberlain may provide. Clients should contact Chamberlain directly if they believe that there may be an error in their statement.

Other than Chamberlain's ability to directly debit advisory fees from clients' accounts, Chamberlain does not have actual custody of clients' funds or securities.

## **Item 16. Investment Discretion**

On occasion Chamberlain may be granted discretionary authority, pursuant to a written contract, to choose the types and quantities of securities to buy or sell for clients' accounts. Although Chamberlain accepts such authority, it is more common that Chamberlain will obtain a client's verbal or written consent for transactions. For transactions executed through Spire Securities, Chamberlain may on occasion discount the commission that the client will pay for such transactions.

Chamberlain does not have discretionary authority to engage a third party investment manager on a client's behalf. Clients will agree in advance to any third party investment manager recommended by Chamberlain and will enter into a separate investment adviser agreement directly with the selected investment manager.

## **Item 17. Voting Client Securities**

Chamberlain does not have, and will not accept, authority to vote client proxies. This policy is set forth in Chamberlain's standard advisory agreements. Clients are instructed to inform their custodians that Chamberlain should not be designated as the party to receive information on voting client proxies. Should Chamberlain inadvertently receive proxy information for a security held in clients' accounts, it would immediately forward such information on to clients, but will not take any further action with respect to the voting of such proxy. Upon termination of the advisory relationship, Chamberlain will make a good faith and reasonable attempt to forward proxy information inadvertently received on behalf of clients to the forwarding address provided by clients.

Clients may contact Chamberlain for advice or information about a particular proxy vote; however, Chamberlain shall not be deemed to have proxy voting authority solely as a result of providing such advice to clients.

## **Item 18. Financial Information**

Chamberlain has never filed for bankruptcy and is not aware of any financial condition that is expected to affect our ability to advise client accounts or otherwise meet our contractual commitments to clients.